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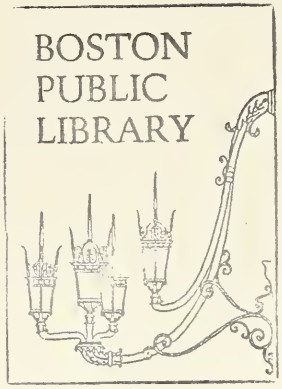

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A Preliminary Draft

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Towards a Growth Policy for Massachusetts

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COMMONWEALTH OF MASSACHUSETTS
Michael S. Dukakis, Governor
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Frank T. Keefe, Director
October 1975

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TOWARDS A GROWTH POLICY FOR MASSACHUSETTS

Preliminary Draft

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Massachusetts Office of State Planning
Frank T. Keefe, Director
October 1975

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SECTION I

TOWARDS A GROWTH POLICY FOR MASSACHUSETTS: INTRODUCTION

Towards a Growth Policy for Massachusetts is intended as the first rather than the last word in a public discussion of how the Commonwealth can maximize the benefits and minimize the adverse impacts of future growth and development opportunities. The pressures for growth cannot, and we maintain should not, be denied in Massachusetts, but the level, nature, quality, and distribution of that growth are proper subjects for public debate and action.

State government in Massachusetts, through its investments and regulatory powers, exerts a significant and sometimes controlling influence over growth and development. However, in the past, this influence was less than optimal due to the fragmented, inconsistent initiatives of a variety of functionally-oriented state agencies. Recognizing that the state was at least partially responsible for costly and inefficient development patterns, Governor Dukakis established an Office of State Planning to begin work on a state growth policy and to superintend the integration and coordination of state planning and development activities.

This document consists of five sections, of which this, the introduction, serves as the first. Section II described the problems facing Massachusetts as a result of its past growth patterns and the issues we confront as our state continues to grow. Responding to this analysis of problems and issues, Section III proposes four fundamental goals, a series of developmental objectives, and a set of comprehensive growth policies. To illustrate the Commonwealth's role in influencing the level, quality and distribution of growth, Section IV focuses on the past administration of several key state investment programs and the manner in which these programs too often have contributed to the growth problems which are the subject of this report. Finally, Section V recommends a series of changes in these state programs and proposes a number of steps Massachusetts can take to develop and carry forth a comprehensive plan of action for sound growth and development.

Not to identify at the outset an asymmetry in this preliminary draft growth policy could be seriously confusing and misleading. The proposed developmental objectives and growth policies in Section III are intended to be sufficiently comprehensive and conclusive to provide a clear reference for the evaluation and conduct of all current

and future public development activities in Massachusetts. However, the seven state programs analyzed in the following section constitute only a slice of these activities. In addition to these programs, many other programs and activities conducted at federal, state, regional and local levels of government have substantially influenced the Commonwealth's growth patterns. The Office of State Planning recognizes that achieving the objectives which it proposes will require a broad comprehension and revision of the many public activities and opportunities which influence growth and development in Massachusetts. Identifying these many public activities and recommending changes in these activities so that they conform to a sound growth policy is one of the basic purposes of the public disucssion which should ensue from the dissemination of this document.

It should be noted from the outset that the fact that the State, through this document and other efforts, has initiated discussions of a "Growth Policy for Massachusetts" does not imply in any way that the State proposes new statewide land use or growth powers. Quite the contrary, we have become increasingly aware of the manner in which existing state programs and the implicit policy underlying those programs have affected our development pattern. The intention of this document is to elevate those policy considerations to a level of widespread deliberation, so that the collective impact of these public actions on the future of the Commonwealth and its communities can be the subject of public scrutiny and debate. Rather than proposing the greater centralization of power in the state, this document proposes wider participation in explicit policy formulation at the state level.

Subsequent to the review of this preliminary draft document by the Governor and Cabinet and its further revision, the Office of State Planning proposes that the document become a subject for extensive public review and comment. Several elements of this public review process already have been established, including the Citizens Advisory Board of this office. In addition, the pending legislation for the "Formulation of a Massachusetts Growth and Development Policy" would involve all 351 communities in the development of a state growth policy. Furthermore, many public interest groups have suggested convening conferences to foster additional discussion of the contents of this report.

In concert with this extensive public exposure, the draft document must also be subject to the careful professional scrutiny of the many capable and experienced public officials at the local, regional, state and federal levels of government. Within the state, continuing discussions within the Cabinet and the State Planning Coordinating Committee are essential to refining and revising the assumptions and proposals in this document.

It is important to remember that the General Court, through its Wetmore Commission, already has established itself as a concerned and committed party to public discussion on the policy implications of growth and development problems and opportunities in Massachusetts. Legislation proposed by the Wetmore Commission invites the 351 cities and towns to participate in the formulation of state growth policy "from the bottom-up". Thus, there is a fortuitous coincidence of effort on the part of both the executive and legislative branches with regard to growth policy.

Although this document is a product of the Office of State Planning (OSP), which bears full responsibility for its contents, OSP acknowledges considerable indebtedness to the policy deliberations of the Governor and Cabinet and to the emerging policy statements of other Secretariats and agencies.

SECTION II

GROWTH IN THE COMMONWEALTH: PROBLEMS AND ISSUES

In order to define from the outset the scope and basis for the state's concern regarding the future growth and development of the Commonwealth, the central issues to be addressed by the state's comprehensive development planning program must be clearly identified. In effect, the goals of that program will be directed toward the resolution of those central issues.

The discussion and analysis which follows is not intended to cover all of the parameters of the problems potentially associated with the state's growth and development. Instead, the emphasis has been placed on certain overriding issues which are central to Massachusetts' future and within the state's legitimate jurisdiction.

Historical Perspective and Trends for the Future

Just 50 years ago, virtually all of Massachusetts' extensive residential development was tightly-bound in about a dozen major population centers, with an additional score of densely-settled mill towns and the like also scattered throughout the state. Each of these centers possessed special characteristics which created fertile settings for indigenous economic activity--characteristics such as port facilities, rivers for water and hydroelectric power, or previously settled, "native" labor supplies. Tightly-knit settlements grew up around many of these industrial activities as people migrated to these new centers in search of employment and improved living standards. Within these centers, retail shopping and municipal services developed to serve the needs of the new "urban" population. In these early settlements, walking was the primary mode of personal transport. Beginning in the 1890's, the electric trolley began to appear in some Massachusetts cities, and with it came the beginning of population dispersal and the emergence of the first "bedroom" communities, such as those in Roxbury, Medford, Holbrook (a suburb to Brockton), Chelmsford (a suburb to Lowell), and others.

It was the automobile, however, which created the most powerful force for dispersal, as more and more households were freed from the requirement to locate within walking distance of their workplace. No longer were industries bound to existing population centers, or to existing rail or port facilities; nor did retailers look only to neighborhoods for their immediate markets, but rather to the whole community and increasingly to the region as their potential market area.

While the automobile provided the central impetus underlying dispersal of growth and development, other forces have tended to reinforce this trend, including such factors as increased prosperity and the desire for more spacious living; modern production technology and industry's resulting quest for larger land parcels (also needed, in part, to accommodate parking requirements); and the demise of railroads and the concomitant increased reliance on trucking. This dispersal phenomenon was induced by a changing technology developed and applied by the private sector, but government at all levels responded to, and in many cases, fostered further dispersal. The federal government financed the construction of interstate highways to accommodate increased car and truck travel, and these highways, in turn, created major corridors for development. The FHA and VA subsidized the suburbanization of housing by insuring the mortgages of millions of single-family homes. Massachusetts, with its state-administered highway trust fund, has constructed state roads (e.g., Routes 1, 9, and 128) preceding federal highway investments, and has administered an array of public programs (discussed later in this paper) which either deliberately or unwittingly have contributed to dispersal. At the local level, the out-migration of population to suburban comminities has imposed new demands for public facilities and services (e.g., education, solid waste disposal). These municipalities, due to their overwhelming dependence on the property tax, compete vigorously for new industry. And, as suburban locations become more attractive for commercial and residential development, some development is displaced from older urban centers, contributing to a whole new set of problems. Furthermore, many communities have enacted local development controls which encourage or require a dispersed development pattern--through such devices as zoning which prohibits apartments, zoning which requires a large minimum lot size, or subdivision regulations which require expensive improvements (thereby discouraging development in depth). Many of these local restrictions also contribute to imbalanced development patterns when zoning and local permitting is used to attract high-tax/low-cost uses such as clean industry and expensive single-family housing. The "creaming" of existing "urban" activities leaves older communities with lower quality industries and the less affluent households, and over time has created signigicant social, economic, and fiscal disparities between the older centers and newer growth areas.

Neither private technology and production, nor public policy and programs alone could have created the extraordinarily diffuse growth patterns which have developed since the 1920's. But in concert, public and private investments have combined to create incentives for suburbanization which have outweighed the traditional locational benefits of older centers and have caused the resultant dispersal of growth.

The increased dispersal of growth can be seen in the changes in land use from 1951 to 1971[1], particularly in the changes in "urban" developed land uses (residential, commercial, industrial, transportation, and public). Urban land uses grew from 420,000 acres in 1951 to 780,000 acres by 1971, an increase of over 85 percent.

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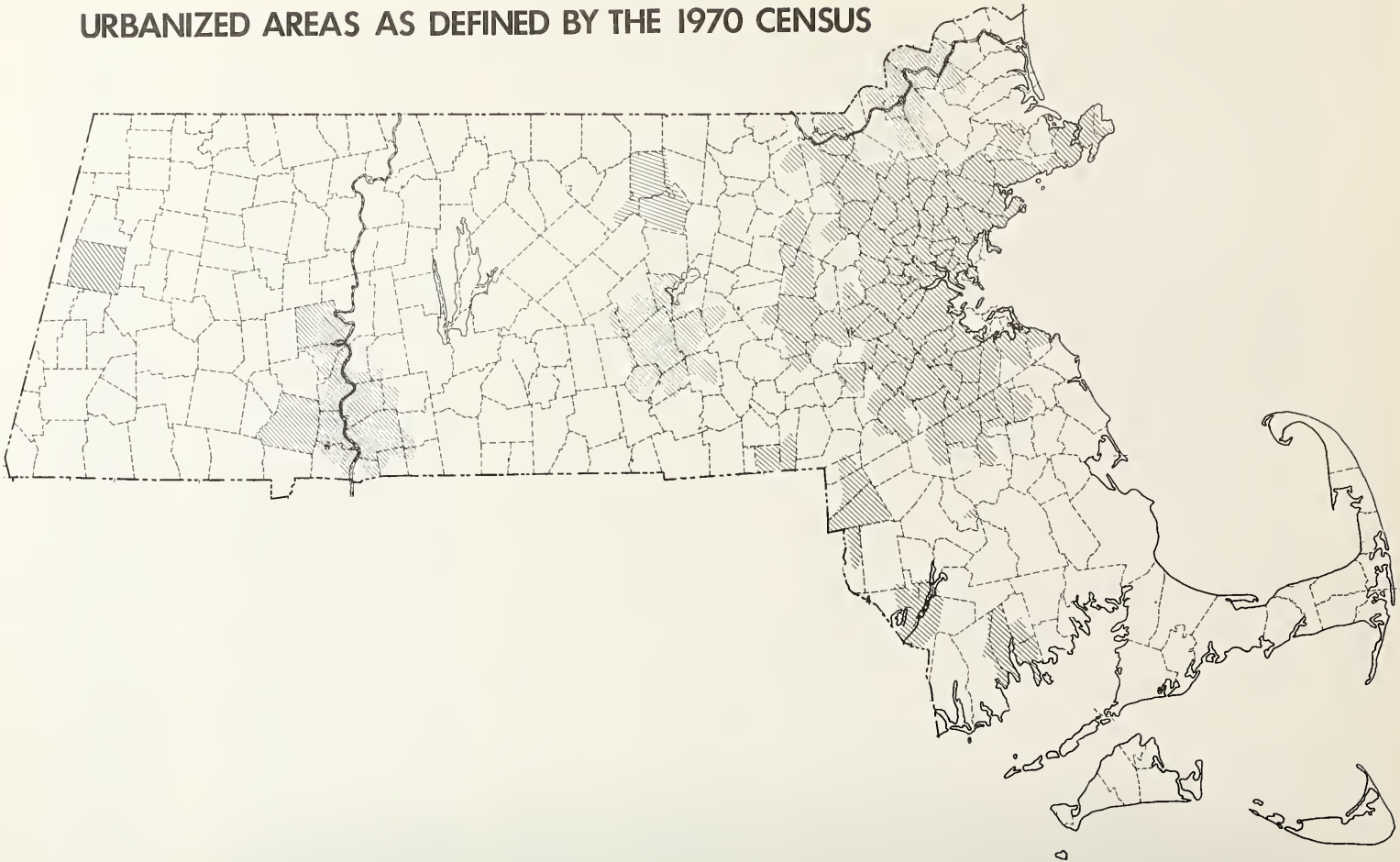
[1]Based upon the land use data compiled by William P. MacConnell of the Department of Forestry and Wildlife Management, University of Massachusetts at Amherst.

URBANIZED AREAS AS DEFINED BY THE 1970 CENSUS



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In that same 20-year time period, population increased by only 21 percent. In other words, the new growth and development that occurred over these two decades consumed four times the land (per capita) consumed by previous development--a startling statistic indeed.

As to the future, growth and development will continue in Massachusetts over the next several decades even taking into consideration current low fertility rates and national (and international) economic disorders. Because of the post-war "baby boom," over the next 20 years the number of persons annually reaching the age of 30 (the typical settlement and household formation age) will be almost double the rate for previous decades. A large number of these families will have young children, and will be seeking "suitable" housing for young families. (The recent decline in fertility has affected the size and timing of families, but the proportion of people who have children is as high as ever). It seems highly probable that these "baby boom" families will stimulate an unprecedented housing boom, although it is by no means clear how and where this "boom" (and the associated costs and benefits) will be distributed. The unprecedented apartment construction of the last decade was in part, a response to the demand generated by the abnormally high proportion of people in their 20's; as these people move on to the family settlement stage of their lives and their housing needs change, the long-term result could be a relative over-supply at some locations of small, multi-family housing units.

That some adjustment in our patterns of development and land utilization will be necessary is unquestionable. If we were to assume the same rate of conversion to "urban" developed land over the next twenty years as has occurred over the last two decades, and if we were further to assume that development is largely a function of family formation (obviously, over-simplistic), these trends would be extrapolated with the resultant conversion of about 620,000 acres to "urban" developed land uses--almost doubling the total amount of developed land in Massachusetts. This certainly is not a projection that growth is likely to materialize in this fashion, but it does suggest the magnitude of adjustment which may be required to reorder "normal" growth and development patterns.

The dispersal of growth we have witnessed over the last half-century is in large part an expression of, and in some ways, a cause of prosperity and mobility in American society. But in Massachusetts, as well as in many other states, this pattern of growth and development also created problems, chief among them:

- the inefficient use of land (a fixed resource) and unnecessary public and private costs ensuing from that inefficiency;
- the deterioration of older centers, in each case the locus of substantial prior social and fiscal investment; and with that deterioration an increase in associated costs, burdens, and inequities;
- the inequities among households and communities resulting from unequal access to jobs, housing, open space, and quality municipal services, and
- the inadequate level of economic growth and residential investment.

The treatment of these issues, which for the most part have long been recognized as undesirable effects of current growth and development trends, has posed nearly insurmountable problems for existing institutions at all levels of government--a predicament reflecting both the complexity of the issues and the inadequacy of the institutions.

Inefficient Use of Our Physical and Natural Resources

Land within the Commonwealth is a fixed, non-renewable resource. Once a pattern of land use has been established, it is extremely difficult--in many cases, impossible--to alter that pattern significantly. If there are inefficiencies in the manner in which land is now being developed, we will have to live with the incurred costs, as well as the cost of opportunities lost, for a long time to come.

Sprawl as a phenomenon has to some become a pattern of development to be expected and to be accepted as a "given." This need not be the case, as least not to the extent that the public sector has supported and promoted such a pattern of development, if we decide collectively that the costs involved are unacceptable and that more efficient land use is both possible and desirable. The extent to which we are utilizing our land resources inefficiently involves heavy monetary and non-monetary costs, and these inefficiencies and costs deserve careful scrutiny.

Impacts on the cost of government are the most obvious areas to examine first. The cost of providing infrastructure (streets, sewers, water, etc.) and local services amounts to over half of the total cost of state-local government in Massachusetts and involves substantial federal investments as well. These costs fall particularly heavily on local governments, whose primary source of tax revenue is the property tax. Property tax rates in Massachusetts have doubled over the past decade, a trend which is particularly troublesome in light of the commonly-held view that the property tax, as a form of taxation, is both inequitable and regressive.[1] Compounding the issue further is the present controversy over 100 per cent valuation--that is, assessment of all types of property in all cities and towns at 100% of their full fair market value--which has been mandated both by law and most recently by the courts, but which could have serious repercussions in many communities in terms of residential properties bearing an even larger share of the property tax burden.

Dispersed development patterns are likely to result in substantially increased infrastructure and service costs, as compared with more compact patterns of growth, both within and among communities. For any one given area which is to be developed, the extra cost of "sprawl" (large-lot, single-family) development as compared to more clustered development has been estimated at about 5 to 6 percent in additional operating costs borne by local government.[2] In this respect alone, the extra cost to Massachusetts

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[1]See the report by the Advisory Commission on the Intergovernmental Relations, Public Opinion and Taxes (1972), for data on the public's opinion of the porperty tax as inequitable and as the most unpopular of all forms of taxation. See later discussion for analysis of the property tax's regressivity.

[2]See The Costs of Sprawl (1974) by the Real Estate Research Corp.

communities for low-density development over the last decade could be estimated to be as much as $120 million. But the costs associated with dispersed development extend far beyond the costs involved within specific low-density development areas. Areas of development themselves are commonly dispersed within communities, furthering cost inefficiencies (particularly relative to infrastructure costs). And, among communities, moreover, widely distributed growth has the potential both for under-utilizing previous public investments and for failing to capitalize on possible "economies of scale" in planning future investments. While it would be impossible to estimate accurately the cumulative fiscal impact of the dispersed growth patterns we have witnessed over the last several decades, it would appear that Massachusetts' communities now face "inefficiencies" which are costing them hundreds of millions of dollars per decade--as compared with the lower costs associated with a more compact, rationally-planned development pattern.

The foregoing analysis is not intended to suggest that a compact development pattern is going to be desirable in all cases, even solely on fiscal grounds. It does illustrate, however, that there are significant issues of cost-efficiency involved in the pattern and shape of development, and that the significance of potential inefficiencies is heightened by the extreme fiscal dilemma of many Massachusetts communities.

Inefficiencies in the utilization of our land resources impinge on many issues beyond their immediate impact on the public fisc. Social, economic, aesthetic, and cultural costs may be vitally significant as well. Though perhaps harder to measure, these considerations deserve careful examination.

One of the most vital assets of the Commonwealth is its historic, scenic, agricultural, and cultural character, which has been the focus of substantial preservation and enhancement efforts. Over the years since Colonial times, there has been enormous social investment in this "character"--much of which has a large physical component. Extensive growth and development poses potentially severe threats to that character.

Agricultural land has contributed much in the past to the state's character. Yet, the acreage of actively cultivated land has been falling rapidly--from 2,000,000 acres in 1950 to less than 700,000 acres today--in part, as a result of the threat from growth and development. Prime agricultural land, because it is flat and well-drained, is eminently developable. Its value for development poses substantial economic pressure for the present owners, even if they wish to maintain the land in active agricultural uses. Yet, the conversion to developed uses is virtually irreversible and has significant long-term consequences for the Commonwealth.

Poorly planned development also can have serious water supply and water quality impacts. Development occurring in primary water recharge areas severely limits the replenishment of valuable groundwater supplies, which are the sole source of water for many municipalities. Development in unsewered areas, dependent upon soil, topographic, and geological conditions, can pollute the groundwater or result in the run-off of polluted waters into surface waters. The provision of sewers is not necessarily the answer either, since it may result in the diversion of water from groundwater supplies to surface water, lowering the effective water table. These potential negative impacts translate either into the health and environmental costs of poor water quality or into necessary water and sewer investments.

Environmentally valuable areas generally, including scenic vistas in particular, face similar development pressure. Even with a number of laws designed to protect wetlands, scenic rivers, and scenic highways, these areas continue to be developed. To a large extent, the sense of character of an area is determined by one's perceptions as one travels through that area. Extensive development along or near major arterials can alter and damage that sense of character, with concomitant costs to our collective social and economic well-being. Certainly, strip development along major highways is one example where the character of an area is altered irreversibly.

Based on an historical perspective, it can be seen that the dispersed pattern of development is both a response to and a reinforcement of our dependence on the automobile as the primary source of personal transport. This dispersed development pattern and its automotive orientation have significant air quality and energy consumption impacts. Indeed, the Environmental Protection Agency, in implementing the national Clean Air Act, recognizes that air quality is seriously affected not only by "indirect sources" (e.g., shopping centers which "induce" auto traffic), but also by "area sources" (e.g., large-lot subdivisions which promote extensive auto usage), and the EPA promotes the utilization of land use planning tools in achieving air quality standards. Dispersed development necessitates increased automobile usage, particularly where there is increased separation between place of residence and place of work, and thereby increased energy consumption (and increased costs to energy consumers). Expanded and improved public transportation, one of the necessary and desirable responses to these problems, can only be achieved effectively where development patterns are reasonably compact.

Clearly, dispersed development patterns pose a potential threat to the long-range economic vitality of the Commonwealth, a central concern of the state's comprehensive planning effort. Unnecessary infrastructure investments, as well as overloaded infrastructure systems, make the state less attractive for economic growth. Damage to the environment and to the character of the state impair the "quality of life" throughout the Commonwealth, again decreasing the state's attractiveness. In a general sense, inefficiencies in the utilization of our land resources threaten vitually every aspect of our lives, including our economic well-being.

One of the largest costs of inefficient development is the "opportunity cost"--that cost associated with opportunities foregone. There still exist a wide range of opportunities to make the Commonwealth a more vital, attractive, and prosperous place to live and to work. Yet, as dispersed patterns of development are established, and as the more attractive sites are developed, many of those opportunities are lost forever.

Thus, the opportunity costs to the Commonwealth are enormous. For example, as we continue to witness the extensive development of outlying areas, the potential for revitalizing in-town centers is gradually dissolving (discussed more fully in the next section). Similarly, the opportunities to maintain and to better understand important ecosystems are diminishing. We cannot over-emphasize the value of these opportunities, nor the costs incurred if they are lost forever.

Potential Deterioration of Older Centers

Historically, the Commonwealth has developed around community and regional centers. These "centers" were much more than centrally-located areas of higher density. In a real sense, they served as the heart of each community, through the commercial, social, governmental, and cultural activities which were concentrated there. Both socially and psychologically, these centers acted as the focus of each community's self-image, character, and social network. The traditional value of these centers is crucial in understanding the quality of life unique to New England and to Massachusetts. History is important not only because we are able to see how things once were, but also, more importantly, because we now have throughout the state a large number of older city and town centers (with buildings and development patterns established to serve as commercial and social centers) whose future use and vitality is in question.

The threat of gradual deterioration and disinvestment in our larger cities and towns is in clear evidence. Examining population change alone, a large number of cities and towns which serve as "centers" have lost population from 1960 to 1970, including the following twenty-one municipalities: Boston, Springfield, Worcester, Pittsfield, Fall River, Haverhill, Holyoke, New Bedford, Northampton, Somerville, North Adams, Adams, Chelsea, Malden, Medford, Lawrence, Lynn, Cambridge, Athol, Orange, and Everett. Collectively, these communities declined in population by over 114,000 people over the last decade, while the rest of the state grew by over 650,000 people. By comparison, only five such "centers"--Brockton, Fitchburg, Leominster, Greenfield, and Lowell--gained population, and even these grew only slightly. Although these centers currently support a significant proportion of the state's human and economic activity, many are in decline. In varying degrees, each is plagued by:

- chronically high unemployment, often structural in nature and exacerbated by the current national recession;

- a disproportionately high percentage of elderly, low-income, and minority residents, typically crowded into deteriorating neighborhoods or "project" developments, and a consequent strain on municipal services;

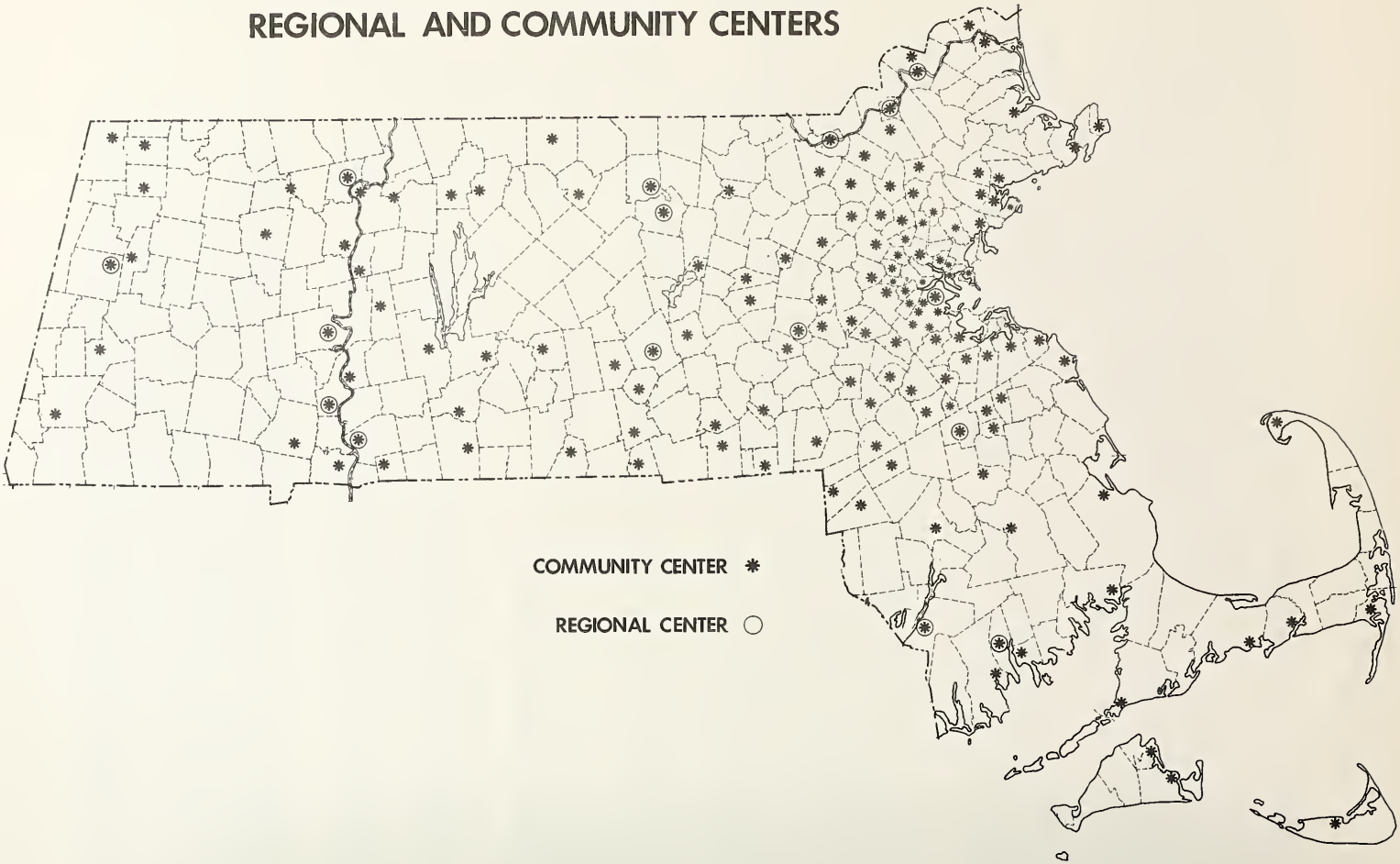
- an abundance of existing but underutilized commercial and industrial space, and a shortage of vacant, developable land;

- a congested, overworked local street system, but a good or even excellent network of regional highways--the juxtaposition of which tends to encourage the development of suburban retail and industrial facilities, to the detriment of existing "centers"; and

- a commercially stagnant, if not depressed, CBD.

Increasingly dispersed development poses a real threat to the vitality, liveability, and function of existing centers. In many ways, the economic function of

REGIONAL AND COMMUNITY CENTERS



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these cities and towns underlies their central role within the larger community, and it is this function which provides the focus to which other activities relate. The growth of commercial and industrial activities in outlying areas is both a cause and an effect of the economic decline of these centers. At the same time, extensive disinvestment and a decline in the quality of municipal services have contributed to making many of these centers less attractive places to live.

But what is threatened is much more than the concentration of economic activity. Beyond dispersal, the increased stratification of people and activities threatens the very notion of an integrated, cohesive community. A pattern of development which reflects and reinforces a lifestyle wherein one gets in an automobile, proceeds to another location and activity, and so on, would slowly make Massachusetts more and more like southern California. It is the juxtaposition of and interaction among different activities and among different people which provides the powerful "sense of community" still common in Massachusetts and New England.

The Inequitable Distribution of Costs and Opportunities

Dispersal and stratification of people and of activities has contributed to unequal access to housing and job opportunities, and to an inequitable distribution of local services in terms of cost and quality, both within and among communities. Obviously, development patterns in themselves have not created this situation, and, just as obviously, radically altering the pattern of development, even if that were achievable, would not in itself resolve the problem. Nevertheless, these concerns must weigh heavily on our consideration of what shape and form we want future growth and development within the Commonwealth to take.

An inequitable distribution of housing opportunity has resulted in part from an unequal allocation of public housing assistance across the state. According to the Department of Community Affairs' housing inventory, many regions within Massachusetts have been substantially underserved with federal and state housing assistance while others have been significantly overserved. Moreover, the allocation of housing resources to urban, rural, and suburban communities has not been proportional to their relative need. As indicated by the following table, this misallocation is particularly severe for suburban communities which have been underserved with family housing assistance.

TABLE 2

URBAN, RURAL AND SUBURBAN AREAS HOUSING NEED AND SUBSIDIZED HOUSING EFFORT, AS OF JANUARY 1, 1975:

	Urban	Rural	Suburban
Distribution of Need			
Percentage of Statewide:			
Total Housing Need	64.3	13.4	22.3

	Urban	Rural	Suburban
Total Elderly Need	60.4	13.4	26.2
Total Family Need	67.1	13.4	19.5
Distribution of Effort			
Percentage of Statewide:			
Total Subsidized Housing Effort	75.3	7.7	17.0
Total Elderly Housing Effort	58.3	12.0	29.7
Total Family Housing Effort	83.6	5.6	10.8

While it is apparent that the allocation of housing assistance has not adhered to any carefully designed criteria, it should also be noted that to a great extent state and federal housing agencies depend on the initiatives of local housing authorities, landlords and developers to utilize these housing resources. The systematic failure of these housing suppliers to use subsidized housing resources in certain communities has significantly contributed to the present inequitable distribution of housing assistance.

The difficulties which many residents face in finding suitable jobs is largely a consequence of an insufficient number of stable, well-paying employment opportunities. To say that there is a serious problem in terms of employment opportunities, however, does not necessarily mean that there are no jobs available. It does mean, at the least, that there is a mismatch between jobs and workers. That mismatch can take several forms. The two which are most common are differences between skills needed and skills possessed, and physical distances between available jobs and potential workers. Both problems need to be addressed squarely by the state's growth and development policies. It should be noted that the issue here is not only job availability, but also job quality with respect to pay level, job security (many jobs are seasonal or short-term), and potential for advancement. This further complicates resolution to the problem, since the most readily attracted economic activity typically fails to meet even one of the above criteria.

The relationship between economic development and housing development, and the linkage between the two--our transportation system--results in a complex set of policy variables and considerations. In order to improve job opportunities, these three policy areas should be tied together coherently so as to: (a) promote expanded housing opportunities in areas of greatest job opportunities; (b) promote new economic growth in areas of highest unemployment and under-employment; and (c) provide transportation improvements (particularly public transportation improvements) which will provide the appropriate linkages between workers and available jobs. Taken individually, each of the policy concerns is fairly straightforward, but the integration of all three is a complex issue.

Dispersal and stratification also respond to and reflect inequities in our local fiscal system. Throughout the Commonwealth, there are wide-ranging disparities

among communities in terms of local property tax burdens. These differences are not reasonably related either to the quality of local services received, or to the ability to pay.

In part, the inequities are due to disparities in the local property tax base--that is, the relative amount of "wealth" in a community against which property tax revenues can be raised. For example, the town of Weston has relatively six times as much tax base as does Chelsea--which is to say that to raise a given amount of money per capita, Chelsea must tax property at six times the rate necessary in Weston. Similarly, Somerset has relatively over four times as much tax base as does Fall River; Longmeadow has relatively three times as much tax base as does Springfield. A useful measure of relative tax base is "per capita equalized valuation"--which is the assessed valuation as determined by local assessors, "equalized" to full market value (to account for differences in assessment practices), divided by population. The 1972 tax base (that is, per capita equalized valuation) for selected communities is listed in Table 3.

Local education is by far the largest local expenditure financed by the property tax, and it is here that the disparity in tax base is most visible. The present system of financing local education allows more wealthy communities (in terms of tax base) to raise relatively more money per pupil from the property tax at a relatively low rate of taxation. The amount of revenue raised per pupil varies widely throughout the Commonwealth--from as little as $500 per pupil in some communities (e.g., Bellingham, Chelsea, Lowell, Malden, Hudson, and Lawrence) to over $1,000 per pupil in other communities (e.g., Brookline, Dover, Concord, Newton and Weston). This fiscal system has been subject to widespread criticism, based on the premise that certain public services--such as education and social services--need to be provided at a minimal level, irrespective of "ability to pay."

Nor does the present system of state aid substantially offset these disparities among communities, even though, in many cases, state aid is intended to be "equalizing." This is due principally to the fact that the majority of state aid is distributed as a function of expenditures (whereby the higher-spending, "wealthier" communities receive more aid) rather than as a function of <u>need</u>.

Within any one community, there are households of varying incomes, living in housing of varying prices, with higher-income households tending to live in more expensive housing. If we examine the income/housing cost mix for each community from census data vis-a-vis each community's "equalized" tax rate, we can estimate the net property taxes paid by each income group. The results of this analysis, shown in Table 4, illustrate that lower-income households are paying inordinately larger portions of their income for local property taxes. The inclusion of all direct state and local taxes (as well as the property tax, the state sales tax, and the state income tax) does not reduce these regressive impacts. These regressive aspects of the property tax are a reflection of and tend to exacerbate further the inequities outlined above.

This fiscal structure tends to further encourage segregation by income. Since local tax rates are now dependent on the relative wealth of one's community, there is a financial incentive for higher-income families to live in communities predominantly inhabited by other high-income households--an option not typically open (or necessarily desirable) to low-income households. Moreover, there is a strong economic incentive for high-income families, once so located, to discourage new lower-income families from moving in, thus reinforcing the cycle.

In many respects, the fiscal effect of local decisions, particularly those relating to development, has become an overriding concern of local decision makers. Typical local development decisions have fairly direct and, it is commonly believed, predictable fiscal consequences. It has become commonplace for these perceived fiscal consequences to weigh heavily in the decision-making process. Frequently, the apparent fiscal considerations are at odds with other considerations--with the result that the fiscal structure has a "perverse" effect on local decisions.

In summary, then, the increased stratification of people and of activities throughout the state continues to promote a wide-range of inequities--in housing, in jobs, in local property tax burdens, and in the quality of local services--which, in turn, tend to reinforce that pattern of stratification.

The Inadequate Level of Economic Growth and Residential Investment

The problems and issues associated with the pattern of development and the distribution of costs and opportunities are greatly compounded in the context of the inadequate level of overall residential and economic investment. It will prove difficult to address those distributional issues unless the level of activity is in some overall sense commensurate with needs. Moreover, for some of the problems we face--particularly economic development--it may be more crucial, for example, that a job be created and that it be a suitable job (in terms of pay scale, etc.) compared to concern over exactly where that job is located. In short, if we are to examine the issues of growth and development for the Commonwealth, we must be concerned with the level as well as the distribution of that growth.

The opportunity to live in a decent home at an affordable price in a suitable location is missing for many families and individuals throughout the Commonwealth--the result not only of the inequitable distribution of available housing assistance within the state, but also due to an inadequate housing system which is not meeting overall needs. A Housing Needs Study, prepared by the Department of Community Affairs, estimates that, as of 1970, some 400,000 households, or about one-fifth of the statewide total, had unmet housing needs. Public response to date has only made a small dent in this housing need. For the years 1971 through 1974, the level of subsidized construction and rehabilitation (both state and federal, elderly and non-elderly, low and moderate income) has averaged about 12,800 units per year, whereas the overall need is for about 117,000 housing units. Worse still, the level of rental assistance and mortgage supplements, over those same years, has covered only about 1,300 households per year, compared with a need of about 282,000 households.

Moreover, it is very likely that the rate of increase of new households needing assistance is outpacing the rate of subsidized unit production. Since 1970, inflation in building costs (even higher than in other sectors), dramatically higher utility costs, and the high cost of mortgage financing have driven up housing costs substantially. As many households since 1970 have suffered a loss of real income, these rapidly increasing costs have become even more onerous and soon even middle-class households may be priced out of the private housing market.

Massachusetts has also been experiencing an inadequate level of overall economic activity. The most obvious symptom of this condition is an unacceptably high unemployment rate. As recently as 1970, Massachusetts' unemployment rate was comparable to that of the nation. Yet, according to the most recent statistics (August 1975) the unemployment rate in Massachusetts was a startling 13% (seasonally adjusted)--over 50% higher than the national rate. What this indicates, besides the fact that we are now experiencing "bad times," is the presence of certain structural weaknesses in the Massachusetts economy. As a general rule, it appears based on past experience that if things get bad generally, they get worse in Massachusetts--and that, as things get better, Massachusetts is at some disadvantage in capitalizing on those opportunities.

The difficulties in obtaining a higher level of economic growth have been based on several factors:

- changes in the structure of the state's economy over time from traditional manufacturing activity to a more service-sector oriented economy, accompanied by growing mismatches between existing labor skills and industrial locations and the new demand for skills and locations;

- an unfavorable local economic climate for certain industries, due to relatively high energy, transportation, and tax costs; and

- a shortage of capital, particularly venture capital, upon which the needed growth must depend.

The relative economic disadvantages which we have faced in the past do not necessarily need to continue to plague us in the future--at least not to such a great extent. In part, this could be accomplished by mitigating the negative influences outlined above. Moreover, the state could take much greater advantage of its potential assets, namely:

- the existence of a highly-skilled labor force; particularly in several industries;

- the unique Massachusetts character and "quality of life" which attracts so many people to our state;

- our coastal resources which present tremendous environmental, cultural, and economic opportunities; and

- the existence of an abundance of underutilized, relatively inexpensive mill buildings throughout the state.

As a final note, while Massachusetts does have an intolerably high unemployment rate, it should be realized that overall employment has been growing quite steadily. Since 1960 employment in Massachusetts has increased from 1,980,000 to over about 2,450,000 in 1974, an increase of 24% (while population increased only by 13%).

Structural/Institutional Problems

The present structure of our governmental institutions poses a number of inherent difficulties in dealing with the problems outlined above--inefficient use of our land resources, deterioration of older centers, and inequities in the distribution of costs and opportunities. These governmental bodies, as noted earlier, have contributed significantly to those problems. The long-run solution to these problems ultimately will depend on the ability of our institutions to adapt--on a basic structural level--to the pressing needs we now face. In any case, specific measures which are designed to resolve those problems certainly must be built upon an explicit understanding of the institutional context within which they will function.

Some of these are general problems that all government institutions face in addressing such issues, and some are related to the relationships among government bodies at different levels--federal, state, regional, and local. In an overall sense, there is no clear consensus on the extent of the role of the public sector with respect to developmental issues. Should the public sector be responding to privately-induced demand or should private sector developmental activity occur within the context defined by the public sector (thereby responding to larger public concerns)? Similarly, do we decide on our development pattern by collective choice, or is it simply a matter of the collective impact of individual choice?

Problems among different levels of government have presented difficulties as well--particularly in the state/local dimension. Localities have traditionally viewed developmental issues as solely within their own jurisdiction. Over the last decade, however, there has developed a growing awareness of the areawide or supra-local nature of many development-related issues. Legislation enacted in the housing and environmental areas is a reflection of this increased awareness. Many of the developmental concerns we now face are recognized as being "regional" in scope, and their resolution should be responsive and accountable to the various regional constituencies throughout the state. And yet, our existing regional bodies have been frustrated in attempting to effectively influence public policy--since most of that policy authority still resides at either the state of local levels.

In this policy paper, however, the principal focus is on structural and administrative problems within State government, as it would be difficult for the State to advocate changes at (or among) other levels of government before it has placed its own house in order.

Until recently, with the establishment of the Office of State Planning, there has been no clear mandate to any one state agency to address these issues. Furthermore, in the past, all too often, various state activities conflicted with one another in intended or unintended impact. A clear example is the substantial investment over the last few decades for intown renewal, while at the same time large sums of money were being expended on the construction of major highways, typically in previously undeveloped areas--seriously undercutting those intown investments.

It should be noted that, individually, many of these investment decisions were eminently defensible. It is their overall integration on the basis of a larger, common perspective which has been lacking. Nor can individual functional agencies be faulted for this lack of a larger perspective, for their mandate has traditionally been focused, and reasonably so, on their own functionally-specific goals. The conflicting impacts have been the result of the simple fact that the scope of most state agencies is too narrow to be able to consider the full range of impacts of their actions.

Moreover, even where conflicts were identified, there typically existed no device for the resolution of those conflicts. Even when a program has been specifically designed to examine long-range impacts (e.g., the Massachusetts Environmental Policy Act), the institutional structure does not provide for, or even allow for, trade-offs among competing objectives (e.g., environmental vs. economic). It has become all too commonplace that the statutory or administrative authority of agencies is specifically constrained to one particular area of concern; this fragmentation has severely limited the ability of government agencies to respond to overall concerns.

In some cases, state agencies have viewed their role as responding to problems and not as anticipating them--which proved problematic in developmental actions which are essentially irreversible. In other cases, the state has anticipated the possibility of particular growth patterns in sewer and highway investments, and thereby has ensured their realization. Clearly, a more dynamic process is called for, in recognition of the tension between these two approaches.

There are obvious problems <u>within</u> state agencies as well. The two most common problems of this sort are (1) policy decisions made at the higher levels of an agency fail to "filter down" to the level of the actual decision-makers, and (2) the day-to-day practical workings of an agency which do not "filter up" to those who would alter policy directions. This is largely the result of inherent "inertia"--a phenomenon which is difficult to overcome given the natural human make-up of these agencies, but which must be recognized in attempting to shift the direction of public policy. Also, many of the "turf" conflicts outlined above commonly occur within individual agencies, further retarding effective action.

All of the above analysis of various institutional problems might appear to be an argument for more centralization of authority. Quite the contrary, the many values of a decentralized governmental structure are important to recognize, in terms of providing easy, direct access to decision-makers at the local level, in terms of the valuable functional advocacy roles of specific agencies, and in many other respects. Yet, this fragmentation in the past has had certain costs associated with it as well. Hopefully, in addressing the problems we now face, institutional measures can be devised which preserve and build upon the values of decentralization, while achieving some degree of integration and conflict resolution within that framework.

SECTION III

DEVELOPMENTAL OBJECTIVES AND GROWTH POLICIES

The previous section discussed several major deficiencies in the pattern of development and the level of growth in the Commonwealth. One of these problems is the fact that land, an increasingly scarce resource in Massachusetts, has often been used inefficiently. This inefficient use of land has often been encouraged through the neglect of public and private investments in existing built-up areas and through unnecessary new public infrastructure investments which trigger growth in undeveloped areas. Moreover, in cases where growth only can be accommodated in undeveloped areas, development has often occurred in inefficient patterns generating the need for unforeseen and costly new public expenditures. As the resolution of these growth and development problems is the purpose of this growth policy paper, our first major goal is:

TO PROMOTE A MORE EFFICIENT USE OF OUR PHYSICAL AND NATURAL RESOURCES.

Our analysis of Massachusetts' growth and development problems focused on the systematic neglect of the physical infrastructure and environment of our centers. The demonstrated bias of placing the vast majority of public investments in new facilities rather than in the maintenance and enhancement of existing infrastructure, has undermined the ability of our older cities and towns to attract and retain private investment. This physical decay of our traditional population centers imposes a great social and financial cost on the Commonwealth and its residents who depend on these centers for their livelihood and place of residence. Owing to the severity of this problem, a second major goal of this policy paper is:

TO PROMOTE THE REVITALIZATION OF URBAN CENTERS.

The preceding analysis further investigated the effect of development patterns in Massachusetts on the level of choice and equity among communities, households, and workers. The continuous investment of public and private resources at the edge of existing centers has contributed to major fiscal disparities among communities

and gross inequities in residential, recreational, and public service opportunities among households. The rapid suburbanization of better-paying employment opportunities also has led to the increasingly limited access of many workers to new employment centers. To address these disparities in opportunity, a third goal of this policy paper is:

TO PROMOTE GREATER CHOICE AND EQUITY AMONG COMMUNITIES, HOUSEHOLDS, AND WORKERS.

A fundamental premise of this paper is that there exists a significant relationship between the public's use of its infrastructure investments and land regulatory powers, the private choice of location and level of investment, and human activity. Using these public resources and powers, it is possible to guide private investment to support the goals posed above. Significant progress in achieving these goals, however, will require the creation of higher levels of employment, income, and wealth in the Commonwealth which, in turn, will allow for higher levels of public and private investment. Without these new resources, there can be little growth to guide, and those goals espousing urban revitalization and greater equity will be largely meaningless. Accordingly, the fourth major goal of this policy paper is:

TO PROMOTE HIGHER LEVELS OF ECONOMIC GROWTH AND RESIDENTIAL INVESTMENT.

To a significant degree, these four goals are mtuually consistent and supportive; they attempt to reconcile certain fundamental and competing values represented in many growth and development decisions. Among these major value conflicts is that between preserving our natural environment and achieving the growth required to support our residential, employment, and institutional needs. At present, government's response to this basic tension is the environmental impact statement, which weighs the relative merits of a development against its environmental consequences on a case-by-case basis. Such a narrow, incremental perspective fails to attempt a more fundamental and long-range reconciliation of our environmental and growth needs. The emphasis of these goals on the efficient use and reuse of land and existing infrastructure in urban centers is a direct and comprehensive approach to fostering growth in areas which already are equipped to support it, thereby reducing unnecessary costs and the destructive intrusion of development into the open spaces of our communities and the despoilation of major regional and statewide resources. This paper does not propose any overall limitation on growth, but suggests ways to foster growth in such a way as to revitalize our existing man-made environment and preserve our natural environment.

A second major tension which these goals seek to relax is the competitive relationship between our urban centers and suburban communities. Often this tension is fostered by state- and federally-financed investments in major infrastructure and public facility projects. All too often these investments in industrial parks,

sewage treatment facilities and schools far exceed the capacity needed to accomodate any imminent growth, yet owing to a community's maintenance costs for these facilities, tax-producing development becomes all the more essential to defray these onerous expenses. As a result, many communities which often would prefer to preserve their suburban or rural character are forced to lure new development away from more appropriate existing centers. Greater utilization of our existing physical infrastructure and facilities and the creation of new infrastructure whose capacity does not require major dislocations of growth and development can serve to relax this tension between existing urban centers and suburban and rural communities.

A third conflict underlying growth and development is that of fiscal austerity and the need to underwrite major public investments to spur and maintain growth and development. As in the case of the previous two conflicts, for this third conflict the pursuit of the proposed goals offers only a degree of reconciliation, not an absolute harmony between the desire to spend less and the need to spend more. An underlying premise of this growth policy paper is that an improved quality of life can be attained from the same rate of public spending, through the more efficient use of past investments. The inefficient development patterns described in the previous section lead to many substantial, although sometimes delayed and sometimes subtle, public costs. Investment in suburban areas accompanied by disinvestment in urban centers contributes to the deterioration of existing neighborhoods and commercial centers which eventually require urban renewal expenditures, and to structural unemployment as workers estranged from new job opportunities depend on unemployment insurance and public assistance. Further instances of unnecessary public expense occur in many communities which overinvest in costly infrastructure and public facilities or in some instances fail to organize expected development in order to make the best use of existing public resources. By avoiding inefficient investment and development patterns, the Commonwealth can expect to support higher levels of growth at existing expenditure levels.

Together, these four goals represent a comprehensive, consistent, and integrated system which provides a general guide for conducting the activity of state government in promoting growth and development. The formulation of public decisions in most situations, however, requires a more specific prescription for implementing these goals. Accordingly, six developmental objectives are presented below. Each of these objectives, in turn, embraces a set of growth policies wich considers the real choices facing the Legislature and this administration in guiding growth and development in the Commonwealth. Beyond a discussion of policy, these objectives further suggest a number of strategic and programmatic alternatives which require further debate and elucidation.

Objective 1: Stabilize the Physical Condition of Residential Neighborhoods

Residential neighborhoods are essential building blocks for Massachusetts' cities and towns. Neighborhoods function as basic units of urban and suburban life, and provide the framework for many of the fundamental social and institutional relationships established by their residents. Stabilizing the physical condition of resenditial neighborhoods, and maintaining and improving their "livability" must be a prime developmental objective of the Commonwealth. This is especially important for Massachusetts' urban centers, which house about half of the state's residents and where many neighborhoods are plagued by deteriorating housing stock and declining infrastructure and public service support. Improving and preserving these neighborhoods will decelerate the middle-class flight to sububia and serve as a cornerstone in the entire urban revitalization process.

The physical deterioration of neighborhoods is most acute in inner-city areas. The causes of decay within inner-city neighborhoods are numerous and varied, with each contributing in its own way to restrict the availability of capital for the maintenance and rehabilitation of residential resources and public infrastructure supports such as transportation, water, and sewer facilities. Without new capital, the quantitative and qualitative capacity of these neighborhoods to support residential activity never will be fully realized.

This underutilization of residential capacity would be particularly unfortunate given the surge in housing demand which appears imminent as a result of the maturation of the post-war baby boom generation. Eighty million people were born in the United States during the baby boom (1947-1966), and by 1995 they and their children will number 160 million--75 per cent of the current U.S. population. As a result, soon there will be far more young families than at any previous time in our history--almost double the number of the last few decades.

Household formation, that process whereby young families form and settle into their own housing, currently takes place at an average age of about 30. The first baby boom babies will reach age 30 in 1977. The number of people reaching 30 will peak in 1987. In the 1990's it will subside rapidly due to the decline in fertility in the 1960's; after 1996 it will fall below pre-1977 levels. During this approximate 20-year period (1977-1996), the housing choices made by the baby boom generation will be a key factor in Massachusetts' development. It is highly unlikely that so many persons can pass through the family settlement stage of their lives in so short a time without creating major social and economic disruptions.

One way to minimize disruption would be to take advantage of the existing underutilized capacity of urban (especially inner-city) neighborhoods to absorb a significant percentage of all new household formation. Prior public investment in urban areas guarantees that the basic infrastructure system required to support high density residential development is already in place--although its condition

may vary. These areas also contain vast numbers of structurally sound housing units--again in varying states of repair. If the physical decline of neighborhoods in these areas can be arrested and their image improved, then a considerable amount of the future demand for housing can be satisfied without relying exclusively upon new construction in suburban areas. By concentrating residential, and hopefully other forms of development in areas already serviced by existing infrastructure, both the public and private sector can realize significant fiscal and natural resource savings.

We indicated above that the physical deterioration of inner-city neighborhoods is an especially acute problem, and that although the causes of that deterioration are multiple, integral to the cycle of decay is the lack of reinvestment in existing housing and public facilities. A contributing factor to this lack of reinvestment in certain neighborhoods is the income stratification which is common to urban areas and which results in concentrations of lower income persons who lack the financial means to improve their residences. Predictably, market forces ensure that these persons often occupy those units which are most in need of attention if they are to remain habitable.

Widespread residential real estate speculation also undermines the reinvestment process in many urban neighborhoods. Unlike the owner-occupant, who has a vested interest in the physical condition of both home and neighborhood, the speculator is motivated by the potential short-term profitability of investments in certain older residential properties. State and federal law combine to provide the speculator with significant benefits in the form of income tax deductions for property tax and interest payments and rental property depreciation. For instance, federal tax provisions include depreciation schedules which favor investment in new construction over the rehabilitation of older housing by allowing new construction to be depreciated more rapidly. These provisions also encourage rapid turnover in building ownership since the major advantage of depreciation for tax purposes occurs during the early years of ownership and since accelerated depreciation begins anew with each change in ownership. Since the profit in a building often is as much a result of depreciation deductions as it is of income generated, there is a disincentive to maintain the building in the expectation of long-run income producing potential.

Nor is property tax delinquency among speculators unusual, which directly reduces the ability of a municipality to provide much needed services and public infrastructure improvements. Even when a tax delinquent speculator is successfully prosecuted, the penalty is only the amount in arrears, plus a 9% interest charge--in effect, a competitive-rate loan to the delinquent party. In many cases, however, rather than succumbing to code enforcement or tax title pressures, the speculator simply abandons the property in question, which usually results in its rapid and irreversible deterioration.

Perhaps the best way to combat speculation in urban neighborhoods is to encourage home ownership through targeted income and/or mortgage subsidies. Steps also might be taken to reduce the attractivenss of older rental properties as tax shelters for absentee landlords. Furthermore, aggressive but selectively enforced housing code and tax title programs can provide positive results with a minimum of abandonment. Such selective abandonment should concentrate on residential properties which, from the speculator's point of view, represent investments well worth maintaining. Concentrating enforcement efforts on this 'healthier' housing stock will ensure that it does not require more intensive and expensive remedial attention in the future.

The physical decline of certain neighborhoods is further assured by "redlining," an unofficial but apparently widespread policy of certain lending institutions to deny capital for new mortgages or home improvements in some urban areas. Although nothing more or less than a unilateral decision by one element of the private sector to "write-off" a neighborhood, redlining is something of a self-fulfilling prophecy: by effectively eliminating the flow of capital into a neighborhood, the physical deterioration of its housing stock is virtually assured. Legislative and administrative initiatives requiring mandatory disclosures by major lending institutions are afoot at both the state and federal levels and may contribute to a reduction in the level of redlining. Of course, even when capital is available for home improvements, property tax provisions discourage reinvestment since the expense of the improvement leads inevitably to additional expense in the form of an increased assessment.

Declining public facility and service support frequently are found in neighborhoods where existing housing stock is deteriorating and where the need for such support is greatest. This decline in facilities and services contributes to the cycle of disinvestment by undermining further the livability of such neighborhoods. Rather than acquiescing in the deterioration of important and expensive-to-repair residential resources, the state must take initiatives to ensure that the basic infrastructure supports necessary to sustain life at an acceptable level--transportation, water, sewer, open space and recreation facilities--are maintained and improved. Furthermore, the quality and accessibility of basic public services must be maintained if neighborhoods are to remain vital, functional areas in which to live.

There is a fundamental connection between the physical condition of a neighborhood and the quality of life that it can attract and sustain. Merely guaranteeing a minimum level of infrastructure and service support to ensure that basic neighborhood needs are met may not be sufficient to overcome the 'image' problem which afflicts many urban residential areas. Both the visual and the psychological climate of such areas can be enhanced through the provision of neighborhood amenities--trees and other landscaping, street furniture, vest-pocket parks and recreation areas, etc. Such 'dressing-up' of urban neighborhoods will make them a more pleasant place to live and, hopefully, will spark further community-based and outside investment.

This objective, to stabilize the physical condition of residential neighborhoods, has a strong urban bias since the problem of physical deterioration at the neighborhood level is most acute in inner-city areas. The migration of population from rural to metropolitan areas has created problems of disinvestment for rural centers, but the impacts are more significant in terms of undermining commercial rather than residential activity (largely due to the fact that rural centers serve as focal points for commercial rather than residential activity).

Residential neighborhoods in suburban communities also tend to be less subject to physical deterioration than those in urban areas. Suburban housing stock tends to be newer, incomes higher, and redlining and speculation at a minimum. However, suburban communities will not be immune forever to the forces that have combined to destabilize the physical condition of many urban neighborhoods. Given the rapid rate of household formation and the resulting increased demand for housing anticipated for Massachusetts over the next 15-20 years, those same destabilizing forces can be expected to surface in suburbia. Today's outer suburban areas may well become tomorrow's inner suburbs, even as today's inner suburban areas are forced to assume more and more of the inner-cities' responsibilities for housing young families, the elderly, and low-income persons. All of this is possible without intervention from the state or federal governments, but simply as a natural result of free-market forces.

Will suburban residential neighborhoods be able to contend with these forces any better than their urban counterparts? The quality of suburban residential construction over the past several decades can be presumed to have been inferior to that of the century previous when the bulk of inner-city housing was built. In time, maintenance and upkeep for suburban residential units no doubt will prove even more expensive than for urban units. Moreover, if young families, the elderly and low-income individuals do in fact come to inhabit a significant percentage of these suburban units, there is no reason to believe that the community-based supply of private capital will be adequate to prevent the physical deterioration of today's suburban residential neighborhoods.

An additional consideration is the inevitable deterioration of suburban street, water, and sewer systems. Although many such systems are now in their prime, eventually they will show the effects of time and begin to require higher levels of maintenance and repair. Since suburban development patterns are less intensive (in terms of denisty) than urban development patterns, the actual street, sewer, and water support required for each household is greater in suburban areas. Thus, the extensive suburban infrastructure system results in a greater maintenance repair cost per household than the more intensive urban system where costs are distributed among more households. This burden is compounded in suburbia since residential property constitutes a larger proportion of the suburban tax base than is the case for urban areas where the base is more evenly distributed among residential, commercial, and industrial classes of property.

Any strategy to stabilize the physical condition of residential neighborhoods in urban areas will enable those neighborhoods to accomodate a higher percentage of the new demand for housing, thereby reducing the rate and volume of future residential growth in suburban areas. As a result, suburban communities should find it easier to retain their unique character--thereby ensuring a wider range of choice among residential environments for Massachusetts' residents. The foregoing discussion also suggests some sound reasons why low-density, single-family unit development will make less sense in the future than it has until recently. Suburban communities will find it increasingly to their advantage to make more intensive use of existing infrastructure through clustered forms of residential development--apartments, townhouses, PUD's, etc. A simple continuation of the low-density development pattern almost certainly will result in an over-extension of basic support facilities. Moreover, it is doubtful that the future market for detached, single-family residences in suburbia will be nearly so strong as it has been since land and construction costs will combine to make clustered residential development more attractive from the demand side too.

In summary, then, the Commonwealth's existing residential neighborhoods constitute an invaluable resource, a social and financial investment of phenomenal proportions. Planning for growth and development in Massachusetts must include elements of a strategy to stabilize the physical condition of residential neighborhoods. Although this strategy necessarily will have a strong urban bias since the problems of physical deterioration at the neighborhood level are most acute in inner-city areas, significant benefits also will result for both rural and suburban areas.

Objective 2: Promote Wider Choice Among Residential Environments

Promoting a wider choice among residential environments is essential to moving towards our national goal of "providing a decent home and suitable living environment for every American family." Individuals whose housing choice is constrained by income or race should be able to choose from a variety of decent and suitable residential environments according to their needs and desires.

Promoting a wider choice among residential environments will help to alleviate enforced concentrations of lower income and minority households, concentrations which undermine the fundamental values of our society, the physical stability of neighborhoods, and the economic opportunity of households. Massachusetts, one of the oldest and most urbanized parts of the nation, has developed into a socially, ethnically, and racially pluralistic society. This pluralism, a commemorated national resource, like other resources, can be ignored and abused or cultivated and appreciated. In order for pluralism to be a positive and creative force at the community and state levels, it must exist at the neighborhood level. If neighborhoods are building blocks for a tolerant and cooperative pluralistic society, they cannot be characterized by income and racial segregation.

Achieving our two residential objectives--stabilizing older neighborhoods and promoting a wider choice of residential opportunities--is certain to require substantial new resources for home improvement loans and first mortgages for new residential construction. High inflation, which may have become a regular feature of the American economy, has caused major shifts in our capital markets, limiting the ability of savings and loan institutions to provide the necessary level of lending for the critical requirements. Without these resources, the Commonwealth will experience a further deterioration in its housing stock and an increasing shortage of housing supply. This trend is incremental in nature, but its effect is already evident as housing costs absorb an increasing proportion of our incomes. Already, because of high construction costs and certain practices of our lending institutions, housing costs in metropolitan Boston, according to BLS estimates, exceed those of any other American metropolitan area.

The Federal Government and many states administer programs to address these capital deficiencies of the private mortgage lending institutions. An array of existing subsidized housing programs attempt to mitigate the housing shortage for low- and moderate-income households. Massachusetts has established a number of rental housing programs under the administration of DCA and MHFA. A recently enacted program, MHMFA, has the authority to make home improvement and home purchase loans to persons unable to secure private financing. Some states, although not Massachusetts, have established secondary mortgage institutions modeled after those of the Federal Government. These institutions expand the availability of mortgage capital through the purchase of outstanding private mortgages, thus providing banks with more money to loan. Although proposals to establish a Massachusetts secondary mortgage institution and to direct the investment of the state's deposits into housing rehabilitation and production have

been advanced in the General Court, they have yet to materialize in Massachusetts. As these programs require no cost for the Commonwealth and only minimal risk, they deserve serious investigation as initiatives which can generate substantial new resources for the level of housing investment required to achieve these residential objectives.

The physical stability of some neighborhoods is seriously compromised by the enforced concentration of lower income residents within them. The ability of such neighborhoods to improve themselves is limited, since badly deteriorated physical resources cannot be salvaged unless an adequate supply of reinvestment capital is available. Since public programs can provide only a minor portion of this reinvestment capital, individuals with access to private capital supplies must also exhibit a commitment to these neighborhoods. Without such reinvestment, the housing stock will deteriorate and the tax bases of affected communities will continue to erode, further jeopardizing the prospect for new development and reducing the city's capacity to deliver much-needed services.

The effects of enforced concentrations of lower income and minority households due to economic and racial discrimination in the housing market are grave and far-reaching. All households are more or less dependent upon access to employment and service opportunities. Access is especially important for many low-income households whose service needs are high and whose mobility is low. The increasing isolation of residential centers from areas of employment, retail, educational, medical, and recreational activity only complicates the issue of accessibility. Moreover, access in a sprawl-oriented society tends to be a function of automobile ownership, which is unevenly distributed according to income, race, age, and sex. This is particularly true in Massachusetts, where only a few town and city centers have the sort of well developed public transportation system which provides a practical alternative to travel by automobile.

In addition to its societal and neighborhood effects, consider how residential segregation by class and race reduces employment opportunities. As middle-income jobs sururbanize at a rapid rate, causing the evolution of a dual job market in urban areas, only a nominal suburbanization of minority and lower income households is occuring. As the distance between place of residence and place of potential employment increases, minority and lower income households find it increasingly difficult to take advantage of well-paying job opportunities. Public transportation does not effectively address this problem because most public transportation systems are designed to move workers from outlying areas into higher density employment centers within cities. Reverse commutation often is difficult or impossible due to route configurations and scheduling. The inadequacy of public transportation in this regard, coupled with low automobile ownership rates among lower-income households, makes access to suburban job opportunities a difficult problem and undoubtedly contributes to higher unemployment and underemployment for lower income households.

One way to facilitate access to employment and service opportunities is through locational decisions which make it possible for persons to walk from their houses to and from as many of these usual daily destinations as possible. New residential units, especially subsidized units, should be constructed with the proximity of schools, hospitals, stores, parks, etc. in mind. Pedestrian-scale mixed development should be encouraged wherever possible, but especially in Massachusetts' older urban centers where the rehabilitation and adaptive re-use of existing buildings can be an integral part of such a scheme.

Realistically, however, pedestrian travel is unlikely to account for more than a small percentage of all person trips through the foreseeable future. Accordingly, new residential units should be located in areas easily and efficiently serviced by public transportation. The alternative, continued dependence on the private automobile, simply will not satisfy Massachusetts' transportation needs. Consider, for instance, that:

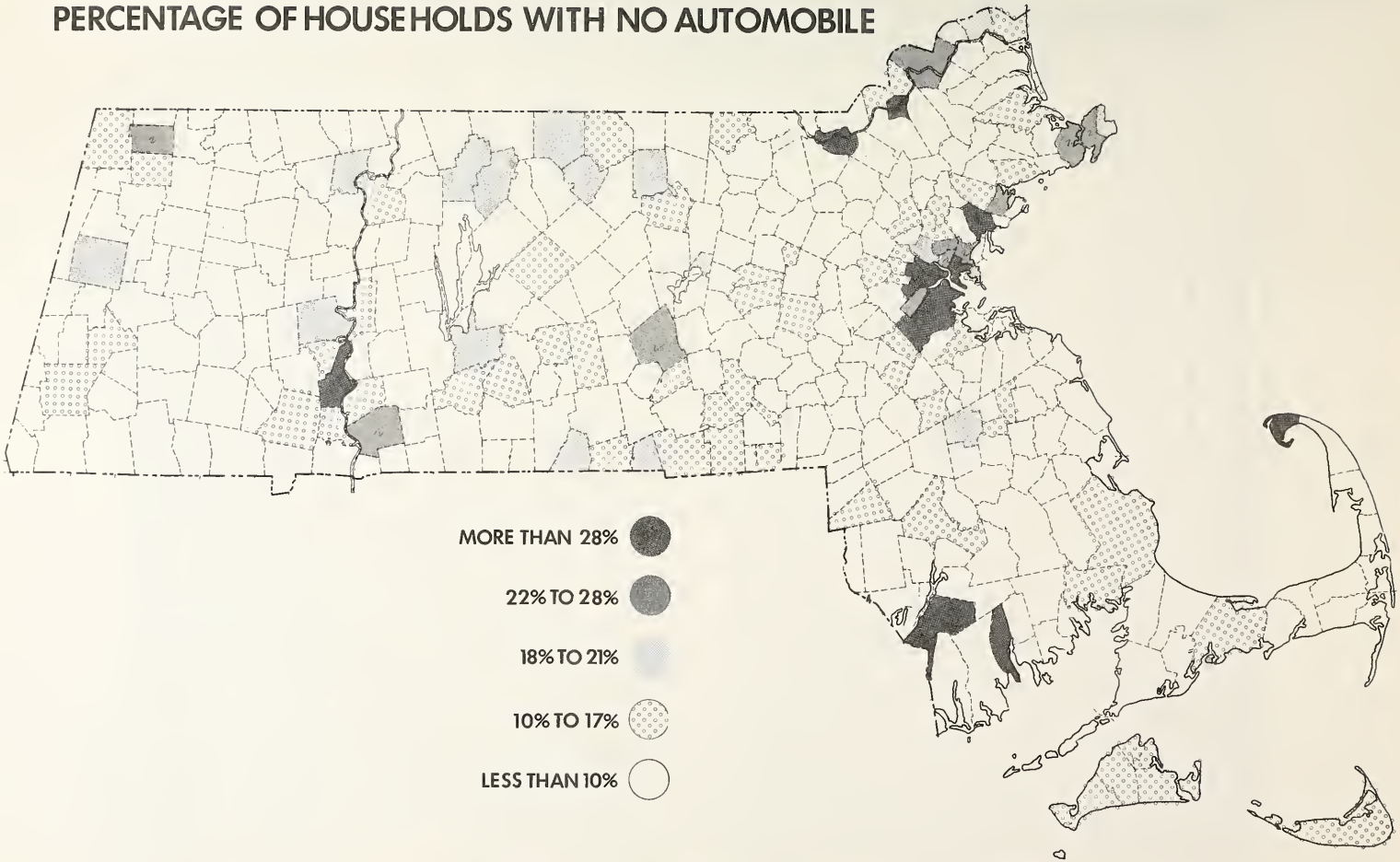
- Over 20 percent of all Massachusetts' households are without automobiles. In neglecting public transportation we neglect the needs of many residents whose mobility is seriously restricted. Among the neglected are, of course, low-income, elderly, minority, and handicapped individuals for whom the private automobile is either prohibitively expensive or difficult to operate.

- The energy crisis has made fuel allocations--especially gasoline allocations--both uncertain and expensive. In addition, the Federal Clean Air Act requires certain Massachusetts' metropolitan areas to meet national primary ambient air quality standards. Regulations implementing the Act are directed at reducing automobile traffic, thus strengthening both the demand and the need for public transportation.

- The serious imbalance between place of residence and place of work in Massachusetts is both a cause and an effect of continued reliance on the private automobile for transportation. Some 80 percent of all person trips are work trips, and most of these involve commutation via private automobile. For those who do not have access to a car, employment and/or residential opportunities are severely restricted. Clearly, future residential and job-producing development must be coordinated to reduce commutation distances and to facilitate travel by public transportation.

- Over 25 percent of the land in some Massachusetts communities is already consumed by highway rights-of-way, entrance ramps, and parking facilities, and these communities are still plagued by traffic congestion and a shortage of parking spaces. Moreover, nearly all of this land is lost to the tax roles at a time when towns and cities are desperate for new sources of revenue.

PERCENTAGE OF HOUSEHOLDS WITH NO AUTOMOBILE



COMMONWEALTH OF MASSACHUSETTS OFFICE OF STATE PLANNING OCTOBER 1975

The automobile has had a profound effect upon development patterns in Massachusetts. The segregation of residential from other forms of human activity is attributable to no small part to the mobility which automobiles provide. For some of the state's residents, the cost and inconvenience of automobile-oriented development patterns is insignificant. For many others, however, the automobile has created rather than solved an access problem. Massachusetts' growth policies must provide for future development patterns which place considerably less emphasis on automobile access to employment and service opportunities.

Racial discrimination is an insidious companion to income discrimination in acting to limit housing opportunities. To suggest, however, that the housing market discriminates against racial minorities in the same way as it does against low-income persons, is to overlook an important distinction. Income discrimination is the effect of a free market in which housing choice is largely a function of one's ability to pay. Since, as a result of long-term economic discrimination, minority incomes tend to be lower than average, there undoubtedly is some overlap between the symptoms of income and of racial discrimination in housing. But racial discrimination is basically a separate and distinct phenomenon. In the housing market, it has been demonstrated that minority households pay significantly higher housing costs than whites, and in many instances, housing is unavailable at any cost in certain neighborhoods, as is demonstrated clearly by the fact that exclusion of racial minorities occurs even within neighborhoods already segregated by income.

Both income and racial discrimination in the housing market warrant special attention in the formation of state growth and development policies. In support of the development objective of promoting a wider choice among residential environments, three broad approaches are possible:

- design and administer land regulatory powers to encourage the development and maintenance of a variety of heterogeneous residential environments;
- attach rent subsidies to minority and lower income households;
- attach sudsidies to units which satisfy both the needs of the demand population and provide a range of housing opportunities within and among communities.

By definition, zoning creates different classes of use. Within many communities, zoning by-laws restrict or render infeasible the construction of housing of certain types and cost. As a result, within neighborhoods, and often within entire communities, these by-laws promote the development and maintenance of a distinctly homogeneous housing stock. The result of a restricted, homogeneous housing supply is a restricted, homogeneous population. In order to allow for a mix of housing opportunities within neighborhoods, zoning by-laws should allow for multi-family housing and planned unit developments which complement the conventional single-family subdivision and which reflect the income mix of the regional population.

Most local communities recognize the responsibility of their governments to accomodate a range of housing types in a manner which is consistent with other local growth and development objectives. However, recognizing that some communities have used their land regulatory powers to exclude subsidized housing, thus restricting the access of lower income households to these communities, the General Court has given the state the power to review and override exclusionary zoning decisions. This power can significantly expand residential opportunities for lower income residents of these communities and those in urban areas who, due to market forces, racial discrimination, or the lack of suitable housing, have been excluded from these communities.

While more flexible zoning can allow for a broader range of housing costs and opportunities within and among neighborhoods, in many instances, these costs will continue to be beyond the reach of lower income households. One means of addressing this gap between housing costs and the ability of many households to manage these costs is through housing allowances. This strategy, which involves attaching subsidies to units, allows households to express their consumer preference by searching for housing which best approximates their housing and community service requirements. The housing allowance strategy has the further advantage of enabling recipient households to maintain their anonymity within the housing market and thus avoid bureaucratic inefficiencies and arbitrariness often associated with publicly-administered housing subsidies. Housing allowances also provide households with mobility to change employment, move with existing employment, and to seek more suitable housing at a given price.

Experience, however, indicates certain shortcomings in the housing allowance approach. Family composition and race determine mobility as well as ability to pay for suitable housing. Many elderly persons lack the physical mobility to improve their housing situation; large families are unable to find large rental units; and minorities suffer from racial discrimination in the marketplace. For these households, a public agency leasing or constructing a subsidized unit for rent to a household can more effectively provide a suitable residential environment in terms of quality housing, neighborhood amenities and public services and facilities.

A potential and serious result of any successful rent or income supplement program could be the further deterioration of already declining low-income and minority neighborhoods. If the needs of a significant portion of the demand population were satisfied by housing in outlying areas, the resulting exodus from "home" neighborhoods would constitute a serious disruption. Some vacated units would be occupied by other low-income or minority households, but the overall effect would be to create a weaker market within deteriorating neighborhoods. Depressed rents and increased vacancy rates in deteriorating properties result in accelerated rates of deterioration and abandonment. Widespread disinvestment of this sort runs contrary to our first developmental objective, which is to stabilize the physical condition of residential neighborhoods.

Whether the conditions of a particular neighborhood or community warrant attaching a public subsidy to a household or to a unit, whether they warrant using existing housing, rehabilitating substandard units, or constructing new housing, attention should be given to allocating subsidies equitably, in a manner which approximates the relative need of individual communities; urban, suburban and rural areas; and regions within the Commonwealth. This method of distributing subsidized housing resources is essential to ensuring that lower income households throughout Massachusetts have a relatively equal opportunity to secure limited housing assistance.

In certain neighborhoods and communities, the assessment of need may include other measures in addition to absolute household need. These additional measures include a consideration of the extent of substandard housing and neighborhood deterioration and the prospect of housing assistance serving the additional public purpose of neighborhood stabilization. A further need measure may recognize the desirability of emphasizing the provision of assistance for certain types of households in certain communities. One example of this emphasis is the provision of family housing assistance in suburban communities to facilitate the migration of families and working members to areas of high employment growth.

Underlying this discussion of policy, a fundamental tension exists between our objective to stabilize the physical condition of existing residential neighborhoods and our objective to promote a wider range of choice among residential environments. Because the physical upgrading of neighborhoods implies a general rise in housing costs, it is extremely unlikely that in the absence of extensive subsidies, many neighborhoods can achieve physical stability and a mix of incomes and races over a period of time. Nonetheless, many of the strategies set forth for upgrading the physical condition of neighborhoods do not necessarily entail higher costs, and, in fact, certain strategies such as discouraging absentee landlordism and providing home improvement loans at more reasonable rates of interest may reduce or stabilize housing costs.

In addition, rent control can dampen the upward trend of housing costs that may result from a large volume of rent subsidies being committed in certain neighborhoods as well as those rent increases that often occur due to a "neighborhood effect" when improvements in a neighborhood enhance a property's value without actual improvements to that property.

While this fundamental tension exists between stabilizing and upgrading neighborhoods and enhnacing choice among residential environments, public initiative can serve to mitigate this tension. A less restrictive application of zoning and subdivision regulations allows for the construction of less costly housing without undermining neighborhood stability. Other measures--construction and rehabilitation subsidies, home mortgage subsidies, and rent control--can be used to reduce housing costs and, in some situations, to upgrade the physical stability of neighborhoods. Finally, housing allowances can assist lower income households manage the cost of decent housing. In concert, these broad strategies serve to mitigate the tension between our two residential objectives and to enhance the quality and choice of residential environments within the Commonwealth.

Objective 3: Promote the Rehabilitation and Adaptive Reuse of Existing Residential, Commercial, and Industrial Buildings Wherever Possible

Many deteriorating, underutilized, and vacant buildings which appear to have outlived their usefulness can be restored as attractive living and working spaces. Massachusetts' built environment abounds with buildings which, while not of landmark quality, can certainly be made to satisfy a portion of net market demand for new residential, commercial, and industrial space. Rehabilitation and adaptive reuse are increasingly cost-effective alternatives to demolition and/or new construction and offer the additional economic benefits (in these times of high unemployment) of being more labor-intensive. Moreover, the restoration of existing structures can preserve and enhance the context, scale, and character of the surrounding neighborhood. Such efforts need not involve buildings of unique architectural or historic significance and can work quite well with structures which are simply familiar and serviceable.

Many deteriorating dwelling units can be saved through rehabilitation. The conservation of existing housing stock improves living conditions, reduces pressure for new construction, and serves as a powerful antidote to the physical decline of neighborhoods. Reinvestment in existing housing stock contributes to both the physical and social stability of a neighborhood (thus reinforcing our first developmental objective), so long as the amount of outside, speculative pressure is controlled. The in-migration of a limited number of homeowners with plans for substantial future investment in both home and commodity can be a boon to any neighborhood. But a sudden influx of higher-income individuals induced by large-scale rehabilitation efforts can cause major dislocations among long-term neighborhood residents. Thus, through community-based rehabilitation programs, residential housing stock can be improved without sacrificing the equally important goal of social stability within neighborhoods.

Substantial numbers of buildings appropriate for adaptive reuse as residential properties also are to be found in Massachusetts. Older cities, especially, contain an enormous reservior of 19th century buildings with both aesthetic and practical appeal. The architectural and structural strength of these buildings, and the large volume of open and unencumbered space which many contain, constitute a combination of resources that cannot be duplicated under the constraints of today's economy. Exclusive residential conversion of these buildings will be neither possible nor desirable in most instances. Rather, mixed reuse must be achieved through the integration of residential, commercial, and industrial activities within and among convertible buildings. Such mixed reuse can restore vitality to parts of many older cities where meaningful activity has long since died out.

An excellent example of this strategy is to be found in the Boston Waterfront/ Haymarket renewal area. Here, many deteriorated but structurally-sound buildings of architectural and historic significance are being rehabilitated for a variety of uses. The mixed-use base being established in the renewal area--with its apartments, offices, restaurants, hotels, and open-air vendors--will ensure around-the-clock activity in an interesting living and working environment. This work in the Waterfront/Haymarket area represents the first time that large-scale renewal through rehabilitation for mixed-use has been attempted in Boston. The Prudential Center, Government Center, and West End projects all involved demolition, clearance, and new construction, but only the Prudential Center is truly mixed-use in orientation. The South End project involves renewal through rehabilitation, but is exclusively residential in nature. Thus the Waterfront/Haymarket venture constitutes something of an experiment in Boston, but it gives every evidence of being a successful one.

The City of Newburyport has met with considerable success and acclaim in relying upon rehabilitation and adaptive reuse to transform its once decaying downtown into a visually exciting, commercially viable city center. This strategy seems particularly appropriate for many of Massachusetts' older communities since it creates new social and economic opportunities without destroying their unique architectural heritage, and with it their traditional sense of character and identity. The city of Lowell, too, is capitalizing on this strategy by combining local public and private funds, federal Community Development Block Grant monies, and an anticipated state appropriation for the Lowell Heritage State Park to restore some of Lowell's historic mill buildings, its canal system, and its Central Business District in an attempt to revive that City's sagging economy. As the birthplace of the American Industrial Revolution and the first planned industrial community in the United States, Lowell and its future are of both actual and symbolic significance to many other communities in Massachusetts and New England for which Lowell served as the prototype. If rehabilitation and adaptive reuse in the context of an overall economic development strategy can produce significant results in Lowell, then there is every chance that those results can be replicated elsewhere in Massachusetts.

The possibilities for (and some would say the necessity of) mill conversion in some of Massachusetts' older industrial centers illustrate why adaptive reuse is such a stimulating development alternative. Many 19th century mill buildings, each with hundreds of thousands of square feet of floor space, stand vacant or underutilized in cities across the Commonwealth. Mill-based employment has long since ceased to be the backbone of the Massachusetts economy. Today's empty mills more properly symbolize the decline of the urban centers of which they once were the heart, and the erosion of Massachusetts' manufacturing base.

Designed to house industry at once more labor-intensive and less responsive to the needs of its labor force, mill buildings tend to be multi-story structures with a minimum of the amenities considered basic in today's world. Elevators, heating, lighting, and rest rooms all tend to be inadequate. Located as they often are in the center of a major urban area, mills tend to suffer from severe access and parking problems. These limitations combine to make mill buildings appear, at least

initially, less than a bargain even when leases can be had at $1 per square foot and less. Since they occupy acres of space in central locations and contribute little to nothing in the way of tax revenues or spinoff commercial or industrial activity, underutilized mill buildings are a considerable burden to any municipality. But so solid in construction are these buildings that demolition is prohibitively expensive in most cases.

If these mills could be coverted, even in part, to productive, tax-generating properties, then many of Massachusetts' declining urban centers would have turned the corner in attempting to revitalize their local economy. The successful rehabilitation and conversion of Boston's Chickering Piano Factory and Peabody's Tannery buildings into residential units, the rehabilitation of Lowell's Wamesit Mill complex as a commercial and industrial park, and the adaptive reuse of a North Adams mill as a major arts and crafts center are proof that mill buildings can be made to serve useful, economic functions. Mixed reuse possibilities are being pursued in several cities as part of an overall economic development strategy. By attacking access and parking problems frontally, and utilizing selective demolition of some structures when necessary, many of the problems "exterior" to the mills can be resolved. Commercial and industrial firms can utilize ground floor space with minimal interior improvements. If elevator service is or can be made available, warehousing is possible on upper floors. With major improvements, old mills can be recycled as pleasant environments in a mixed-use setting.

If the cost of new construction, suburban land, and energy continue to climb, urban locations for many sorts of human activity will become increasingly attractive. The restoration of existing, underutilized or deteriorating buildings is one way to satisfy this demand without disrupting the surrounding community either aesthetically or socially. In some cases it can serve as the basis for a major effort at recapturing lost tax revenues and commercial, industrial, and residential activity to urban locations. Adapting buildings to meet market demands for which they were not initially intended extends the best principles of conservation to Massachusetts' built environment.

Objective 4: Promote the Location of New Commerce and Industry as Close as Possible to Existing Core Areas with the Infrastrusture Necessary to Support Them, and in Densities Sufficient to Make Efficient Use of that Infrastructure and of Available Land Resources

The increasing segregation of residential centers from employment and service opportunities, and the ways in which that segregation restricts access among persons of limited mobility, are addressed directly in our second developmental objective. Additional mention is made of the direct and indirect costs incurred through widespread reliance on the private automobile, which serves as the only practical link between place of residence and employment and service opportunities for many individuals. However, this pattern of segregation also produces inefficiencies in the allocation of urban resources, including land and physical infrastructure, which are the proper subject of this objective.

Traditionally, core areas such as city and town centers have been favored as locations for manufacturing, retail, and commercial development. Over the past several decades, however, suburban areas have gained certain locational advantages over centers with regard to the price and availability of land, physical access and infrastructure support, proximity to skilled workers, property taxes, etc. Extensive strip development and the proliferation of suburban shopping centers, office and industrial parks are the results of this shift in locational preference.

The rise of the modern shopping center illustrates this phenomenon quite well. Most of Massachusetts' cities and towns once had well-developed, thriving commercial centers which served as retail and social focal points for each community. In recent years, however, most new retail trade construction has come in the form of the shopping center, sometimes at the expense of commercial activity in city and town centers. Typically, the shopping center consists of a set of one-story accessory stores, surrounded by an extensive praking area and located on a major arterial road. This form of development is based on several marketing premises, including the following:

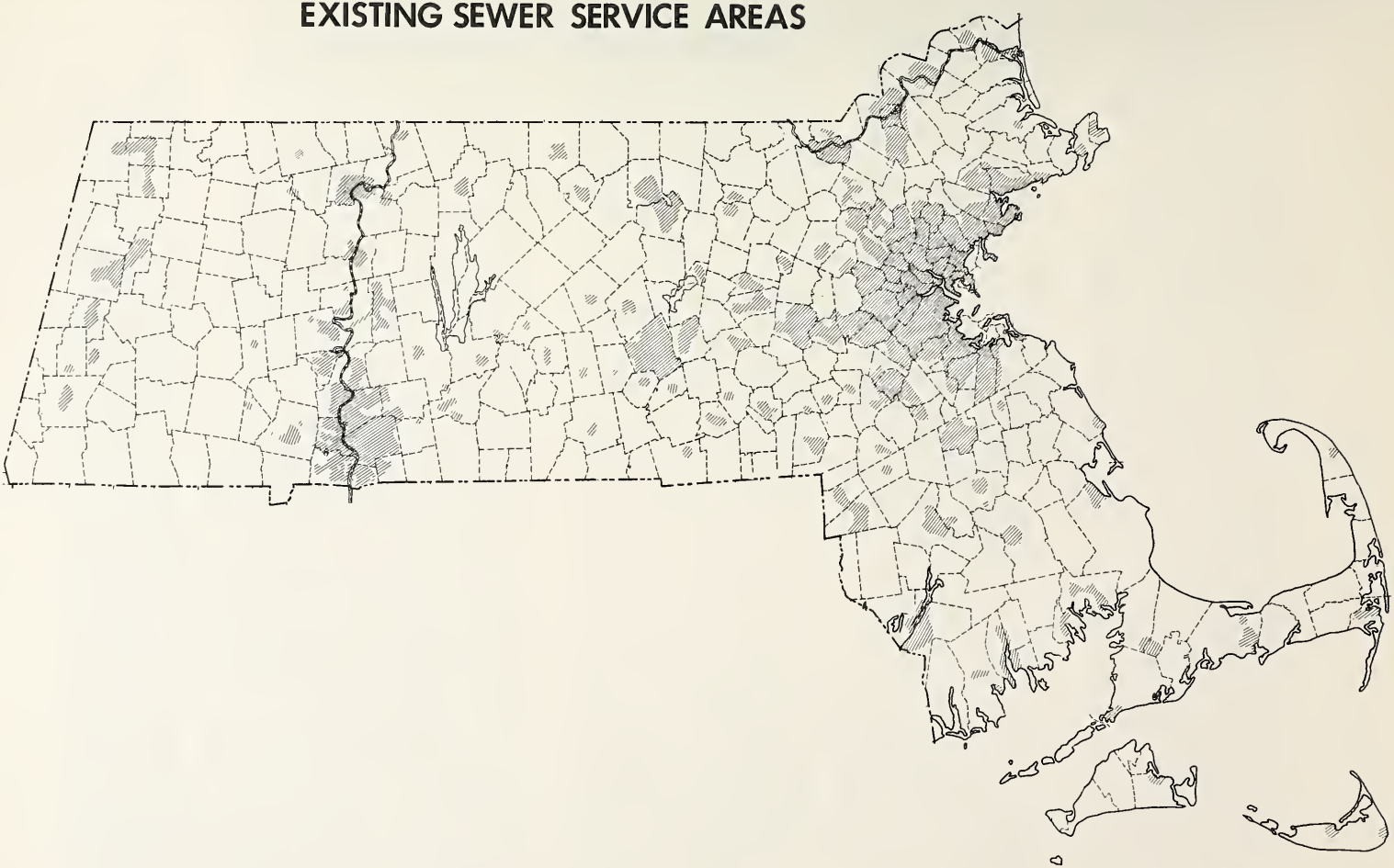
- direct access to a major arterial roadway and extensive parking facilities immediately adjacent to the stores are essential if one is to satisfy the automobile-bound public.

- horizontal store layout offers maximum convenience for both shopper and retailer.

- economies of scale prevail in the construction, operation, and maintenance of shopping centers.

- one-stop shopping offers customers desirable convenience, in exchange for which tenants enjoy a greater collective "draw" than the sum of their individual "draws" would be.

EXISTING SEWER SERVICE AREAS



COMMONWEALTH OF MASSACHUSETTS · OFFICE OF STATE PLANNING

THIS PREPARATION OF THIS MAP WAS FINANCED IN PART WITH A COMPREHENSIVE PLANNING GRANT FROM THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, PURSUANT TO THE PROVISIONS OF SECTION 701 OF THE HOUSING ACT OF 1954, AMENDED. CONSTRUCTION AND A 50-FOOT RIGHT-OF-WAY GRANT WAS ALSO RECEIVED FROM THE U.S. DEPARTMENT OF TRANSPORTATION THROUGH THE COMMONWEALTH'S DEVELOPMENT PLANNING GRANT.

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These principles vary somewhat for manufacturing firms. Arterial access and parking facilities remain critical, not because they facilitate customer convenience but because they are standard amenities for employees. Those manufacturers who rely upon trucking for the delivery of raw materials or manufactured products clearly prefer the direct arterial access afforded by suburban locations over the congestion which often surrounds core sites in city and town centers. Furthermore, modern assembly line techniques require large horizontal work spaces, the land requirements for which are most easily satisfied in a suburban location.

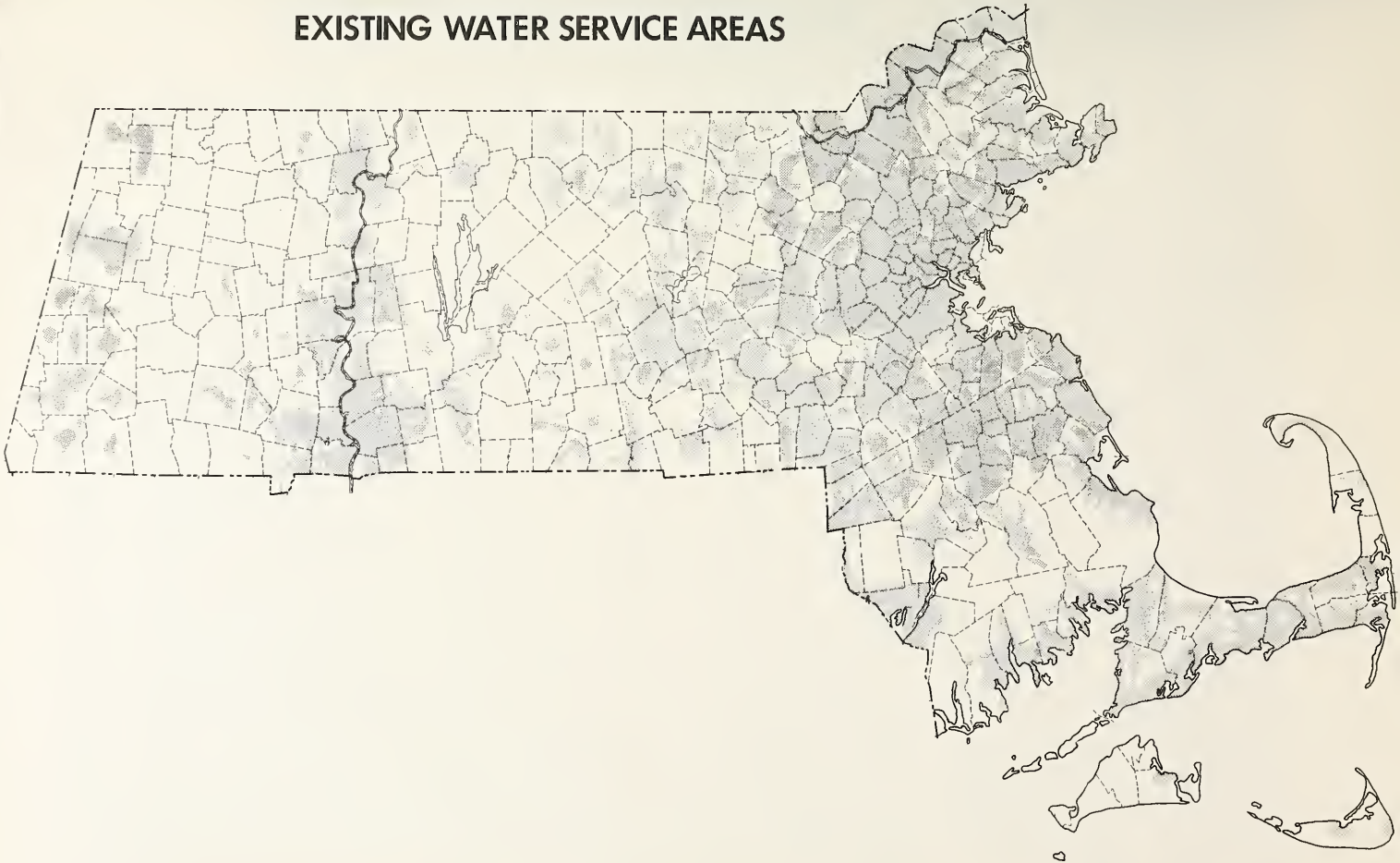
There are significant costs associated with the suburbanization of business and industry. Near-exclusive orientation toward the automobile only reinforces the public's dependence on that transportation mode, increasing traffic congestion and air pollution and reducing the feasibility of public transportation and access for the transit-dependent. By comparison, more central locations could be serviced efficiently by public transportation, thus alleviating congestion, pollution, and access problems. In addition, the extensive land required for parking facilities--sometimes amounting to half the total land area required--could be reduced, thereby reserving it for more productive use.

The suburbanization of business and industry also leads to a less efficient use of public infrastructure. Water, sewer, and utility lines often must be extended along or beyond the periphery of well-developed, well-serviced areas, while existing infrastructure remains underutilized. Take, for example, a major suburban shopping center which locates in such a way as to compete with the commercial vitality of an existing town or city center. As business is drawn away from the existing center, the extensive CBD infrastructure, usually capable of supporting an intense level of activity, becomes increasingly underutilized. Moreover, maintenance of core infrastructure becomes increasingly difficult as tax revenues follow business to the suburbs.

The rapid suburbanization of commerce and industry also encourages "leapfrogging", that is, the development of land well outside centers (often roughly equidistant between or among centers), leaving considerable tracts of vacant but developable land between the center(s) and the newly developed site. Development of this sort is made possible by excellent arterial access, which guarantees a "draw" from one or more adjacent population centers. Unfortunately, leapfrogging is a great inducement to sprawl. Strip development along the major arterials leading to and from the newly developed site begins almost immediately. Adjacent vacant land also becomes increasingly attractive for new residential development. Although highway access may be good, other necessary infrastructure is often lacking and cannot be provided simply by extending core area facilities. Thus, leapfrogging is the very antithesis of orderly, measured growth where existing infrastructure is fully utilized and extended outward in deliberate increments.

Notwithstanding these disadvantages, the concentration and clustering found in shopping centers, office and industrial parks is far more efficient and desirable than intensive, single-lot depth linear development along major arterials, with each business enjoying direct physical and visual access to the roadway. Such

EXISTING WATER SERVICE AREAS



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strip development is a particularly direct and inelegant concession to the private automobile, a concession which can cause visual blight, contribute to air and noise pollution, create traffic safety problems, and frustrate public transportation. Furthermore, servicing strip development with water, sewer, and utilities is costly since no economy of scale is available as there is when development is clustered.

If the allocation of urban land and infrastructure resources is to become more efficient in Massachusetts, then an increasing share of new commercial and industrial growth must go to the Commonwealth's centers. Municipalities which have assembled core land and/or buildings with a view toward attracting new business should receive maximum assistance from the state in marketing those properties. Some of Massachusetts' older urban centers have created fully-services, in-town industrial parks with excellent highway and rail access. Others have mounted comprehensive downtown revitalization schemes to attract retailers back into faltering central business districts. The state must develop a capability to respond to such municipal-based attempts at self-help with a complementary package of state assistance in the form of financing, infrastructure improvement programs, etc. All state capital expenditure programs should give high priority to investments in core areas which will support the growth and development of new commerce and industry. The local technical assistance provided to municipalities by many state agencies should be geared to support planning and project development activities which will enhance the locational advantages of town and city centers through downtown revitalization, facade improvement, and mill reuse-type activities.

Several of the other developmental objectives outlined in this paper will reinforce efforts to take maximum advantage of city and town center capacity to support commerce and industry. Those objectives having to do primarily with residential development, especially as applied to city centers, will decelerate the middle class flight to suburbia, and improve the income and educational mix in urban centers. This, in turn, creates an attractive labor and consumer market that can be satisfied through more centralized commercial and industrial locations. The rehabilitation and adaptive reuse of existing buildings, as addressed in the third developmental objective, is another key element in any attempt to draw business back into town and city centers.

It should be obvious that any notion of prohibiting or frustrating the suburbanization of commerce and industry would be ill-conceived and counterproductive, especially in Massachusetts where the state economy is suffering one of its most serious declines. Rather, federal, state, and local resources must be concentrated on improving the locational advantages of town and city centers so that they can compete successfully for a larger share of new business in Massachusetts. The state cannot rely on the piecemeal, uncoordinated activities of its various departments and agencies. Instead, there must be a comprehensive economic development strategy with appropriate federal, state, and local roles to generate new business and guide its location to areas which will engender the least long-term costs and inefficiencies.

A significant amount of new commercial and industrial development in Massa-

chusetts no doubt will be lost to city and town centers and areas immediately adjacent to those centers regardless of what initiatives are taken by state and local government. It is nonetheless important to enunciate locational and development pattern preferences for suburbanized growth. Strip development must be actively discouraged at the state and local levels. Those types of businesses traditionally found in strip locations--fast food operations, car dealerships, smaller retail outlets, etc.--should be encouraged to cluster in community-scale shopping centers and the like. By reducing the number of direct access points onto arterial roadways, traffic safety and control of conflicting movements by signal are enhanced. In clustering consumer and employee destinations around a single access point, public transportation becomes a more realistic alternative for the movement of people. Such community-scale centers should be located to take maximum advantage of existing infrastructure capability and to require as little supplemental outlay by the municipality involved as possible.

Larger scale development which escapes central locations should be concentrated in regional-scale shopping centers, office and industrial parks. Such developments require a maximum of cooperation and coordination between government (at all levels) and the private sector. The well-planned industrial park can be an enormous employment boom to any region and still contribute little in the way of environmental disruption, access problems, or inefficiency in the use of land. By piggybacking several sorts of major, regional-scale development together, the nucleus of a new center can be established, around which mixed uses can flourish compatibly. For developments of this scale and magnitude, few generic locational guidelines can be formulated. Rather, each region will have one or two preferred sites where such development can be entertained at minimal cost.

In summary, then, the suburbanization of commerce and industry in Massachusetts has created certain inefficiencies in the use of natural and physical resources, and resulting fiscal inequities between and among the communities of the Commonwealth. The state's growth and development policy, in order to redress these inefficiencies and inequities, must reemphasize the importance of city and town centers and adjacent densely settled, full-serviced areas as sites for a larger share of the new commercial and industrial development experienced by the state. For that development which suburbanizes anyway, in spite of the best state and local efforts, clustering in either community-scale or regional-scale shopping centers, office and industrial parks is to be preferred and encouraged over strip development. Success in this venture depends upon the formulation of a comprehensive economic development strategy with roles for state, local, and federal government in generating business and guiding its location.

Objective 5: Make Massachusetts' Levels of Unemployment and Income Comparable with those of other Industrial States by Promoting the Retention and Growth of Well-Paying Jobs and Upgrading Existing Employment Opportunities.

This developmental objective, the fifth, is the most fundamental to the fulfillment of our other objectives. In addition to standing alone as an objective, the ability of the Commonwealth to generate jobs and income, and of its workers to share these benefits equitably, is also essential to meeting the purchasing power and public and private investment requirements implied in the other development objectives.

A fundamental premise underlying the preceding objectives is that an improved quality of life can be achieved at less public expense through the promotion of a more sensible pattern of public investments. To substantially achieve the preceding objectives will require more than a spatial redistribution of employment and residential opportunities and public and private investments. These objectives imply substantial new capital outlays for upgrading existing and creating new residential and employment opportunities. Stabilizing existing neighborhoods and meeting new housing needs will require substantial investments for rehabilitation and new construction, and an increase in purchasing power to stimulate and sustain these investments. Promoting the rehabilitation and adaptive reuse of existing public and private facilities likewise will require major new capital outlays. Preserving and enhancing environmental quality assumes substantial investments for pollution control, open space acquisition, and recreational development. Whether these investments issue from the private sector in response to market demand or from government in response to critical needs unmet by the private sector, the creation of new income and wealth must precede new investments in these areas.

The source of this new income and purchasing power is production and employment. As Massachusetts has experienced the attrition of many of its existing jobs, especially in the manufacturing sector, and a slow rate of new employment growth, the net rate of job formation has been insufficient to keep unemployment at or below the national rate and to generate the income necessary to achieve its social objectives. Although Massachusetts has experienced the entry of an unprecedented number of young persons into the labor force, causing unemployment to rise, this condition exists to a comparable degree nationwide and cannot account for the state's unemployment rate which hovers well-above the national average. The fundamental cause of unemployment in the Commonwealth, which has outpaced that of the nation since 1970, is that Massachusett's employment base has not been expanding as rapidly as the employment base of the nation. This is most clear from the fact that employment in Massachusetts rose only 3.9 percent during 1970-1974, a rate well below the 10.5 percent experienced nationally.

In addition to an insufficient rate of expansion, the deteriorating composition of employment in Massachusetts has also contributed to higher rates of unemployment. Over the past decade and a half, the proportion of jobs paying wages above the BLS, Lower Budget Cost for a Family of Four, has declined significantly in

Massachusetts. As a result of wages not keeping pace with rising living costs, more supplemental workers are required to join the labor force in search of new wages to augment declining household income. The result of this declining proportion of well-paying jobs, which as we will see is more pronounced in Massachusetts than most other states, is a higher rate of labor force participation, causing more workers to chase a limited number of jobs.

If low-wage jobs contribute to a larger workforce, they also cause intermittent unemployment. As an increasing proportion of our jobs pay low wages, the monetary distinction between work and other forms of income--unemployment compensation and public assistance--becomes less distinct, and many workers, resigned to low wages, choose for shorter or longer periods of time, the easier source of income.

Many factors can enter into this decision between work and unemployment insurance or public assistance. Only one of these is the difference in income provided by those alternative sources. An often significant consideration is the extent to which work measures up to expectations regarding income and the quality of work--including the content of the task and working environment--opportunity for advancement, and job status. Employment which measures up poorly with these expectations may not be competitive with alternative income sources. The work option may find itself at yet a more cost-effective disadvantage when it requires an automobile, child care, and other expenses. The worker, low-paying industries, and government all pay a cost for this syndrome: the worker suffers from instability, a lack of dignity and a low wage or public subsidy; industry experiences high rates of turnover, job vacancy, and unemployment insurance taxes; and government pays in the form of lost revenue and higher public assistance costs.

Although seldom statistically reported and not a commonly-used measure of the state's economic performance, the conditions of intermittent and discouraged workers and of under-employment are properly the subject of this objective, since upgrading employment opportunities and income for these workers and the workers whose income they may supplement is essential to advancing our other developmental objectives and improving the fiscal health of the Commonwealth and its communities.

An investigation into these deleterious trends in Massachusetts' economy of unemployment and declining job quality reveals a telling condition. These trends have coincided with a significant decline in manufacturing employment and growth in service employment. This structural transformation has occurred in Massachusetts at a rate which exceeds that of other industrial states in the northeast and the United States as a whole. During the period 1960-1973, while the nation's production employment (manufacturing, mining, and construction) grew by 17 percent, that of Massachusetts declined by 11 percent. By comparison, while service growth expanded by 58 percent nationally, in Massachusetts it grew by a phenomenal 89 percent. As service jobs generally pay less ($7,550 average in 1973) than production employment ($9,800 in the same year), the effect of this structural transformation of the state's economy is evident: an increasing proportion of Massachusetts' jobs pay low wages.

Yet, this overview of change in Massachusetts' economy obscures the existence

of many well-paying service industries and low-paying manufacturing industries. Furthermore, although many service jobs respond only to a local demand, many other service industries generate substantial exports, which, in turn, create other employment opportunities within Massachusetts. Any economic development strategy presuming to promote new and well-paying jobs must respond to these fundamental and critical distinctions. Since over 60 percent of Massachusetts' employment opportunities are in service industries and this proportion will inevitably continue to grow as the proportion of service sector jobs expands nationwide, the conventional wisdom that only manufacturing industries export their product and provide decent wages must be replaced by an appreciation for the economic development potential of certain service industries and the limited employment benefits of many manufacturing activities. This view of the state's economy requires an understanding of the distinct problems and opportunities which face our manufacturing and service industries, separately, as well as the manner in which these sectors can mutually benefit from their complementary relationship within the economy.

The causes of Massachusetts' poor overall economic performance relative to other states are complex. Analysis and pronouncements of the state's economic problems often confuse myth with fact and symptom with cause. An example of this confusion exists relative to direct labor costs in Massachusetts. Although it is popularly believed that Massachusetts' employers pay more for labor here than in other states, in fact, in every year since 1963, the average weekly manufacturing wage in Massachusetts has been less than the national average, and since that year, Massachusetts has continued to lag behind the nation in manufacturing growth. Controversy over high unemployment insurance taxes is an example of the confusion of symptom with cause. In 1974, Massachusetts' unemployment insurance tax rate exceeded all but one of those of the other 50 states. Yet, the average weekly benefit paid out in 1973 was below the national average, indicating that the high UI tax rate is attributed to the extent of unemployment in Massachusetts. This high rate would appear to be a symptom of high unemployment and not a fundamental and original cause of Massachusetts' unemployment rate rising faster than that of the U. S.

A further example exists with respect to business taxes. Massachusetts, generally perceived as a high tax state, ranks high among all states in business taxes. The extent to which this fact effectively inhibits business expansion or the in-migration of new business is arguable, however, as the growth of Massachusetts' service industries has substantially outpaced that of the rest of the country. Moreover, business taxes represent only between one and two percent of the total sales volume. Even if business taxes in Massachusetts were to be reduced by 25 percent, making Massachusetts' business taxes comparable with the national average and below those of most industrial states, owing to the deductability of state and local business taxes from taxable corporate income subject to federal taxation, the largest effective savings would not exceed one quarter of one percent of total sales volume. Even in the profit margin, high business taxes are likely to be a significant but not critical disincentive to business location or expansion in Massachusetts.

The Commonwealth must be sensitive to these factors, since, all other things

equal between Massachusetts and other locations, they can make a significant difference in business location decisions. This is most true in intra-state locational decisions due to wide variations in the local property tax, a subject of our first and fourth objectives. However, there are more certain impediments to net economic growth in the Commonwealth which make Massachusetts, as a location for manufacturing activity, fundamentally uncompetitive with many other states. These factors must be carefully identified and addressed before Massachusetts can begin to arrest its loss of manufacturing employment, which has caused our unemployment rate to outpace that of the nation.

Many of Massachusetts' competitive disadvantages result from its geographic location, including its distance from raw materials, major production centers, and its location on the edge of the nation's energy and transportation systems. These circumstances do not exist in isolation from one another. Production centers tend to locate in proximity to raw material inputs. Rail transportation, the major carrier of raw materials and heavy durable goods, has developed most intensively among and between raw material sources and major production centers.

One consequence of our geographic isolation from major developed sources of energy is the requirement of higher energy costs. This requirement has varied substantially over time; in 1971 this cost differential had fallen to less than half, after rising to over one hundred percent in 1947. Now, however, since Massachusetts relies on expensive oil imports, while many other sections of the country depend on relatively low-cost natural gas, our energy costs are nearly one and one-half times those for the rest of the country.

The effect of these high energy costs is a paucity of energy-intensive manufacturing in Massachusetts. Within many industries, Massachusetts' manufacturers tend to specialize in the less energy-intensive products, and in the production of comparable products, Massachusetts firms on the average use only about one-half as much energy as their national counterparts per unit of output. Nonetheless, for these firms, energy still represents a greater share of production costs, and in order to compensate for this anomaly, Massachusetts manufacturers must depend on cheaper labor.

If we are to retard the continuing erosion of our manufacturing base, which is significantly more energy sensitive than that of the service sector, the Commonwealth must seek to reduce its energy costs relative to the cost of energy paid in other sections of the country. Massachusetts has not always depended on oil and coal imports to satisfy its energy requirements. During the nineteenth century, when this state developed into the textile capital of North America, our rivers generated an abundance of hydroelectric power, and Rhode Island was a major producer of coal. As national and international oil and coal deposits were successfully exploited, New England's energy resources lost their comparative advantage and have been gradually abandoned and neglected. In the face of dramatic increases in the cost of oil and coal, however, there is increasing economic justification for Massachusetts and the other New England states to explore and develop indigenous energy resources. These include potential oil deposits along George's Bank and coal deposits in the Narragan-

sett area. Massachusetts should also investigate the development of alternative energy resources such as hydroelectric power and solar and nuclear energy.

Deterioration of the state and regional rail transportation system has also increasingly placed Massachusetts manufacturers at a competitive disadvantage. The displacement of rail service by trucking, a national trend, has been especially pronounced in Massachusetts. In addition to our geographic location inhibiting a healthy freight rail system, deteriorated railroad beds, adverse federal regulatory and investment policies, and a lack of technological and marketing innovations further undermine the viability of the rail industry in this state.

Railroads, however, are still an important element of our national and state transportation systems. Even in its decayed conditions, the rail industry in this country moves 38 percent of the intercity freight not moved in pipelines. Moreover, many industrial commodities which are produced or consumed by Massachusetts' manufacturers depend substantially on rail transportation.

In addition to our industrial dependence on rail freight, rail represents a far more efficient mode of transportation. In a state which suffers from relatively high fuel costs, we should be cognizant that rail freight is four times more energy efficient than trucks and sixty times greater than airplanes.

Under the federal "reorganization" of the national rail system, a number of "low density" rail branches are scheduled for abandonment. In February 1975, the U.S. Railway Association released a plan for abandoning 150 miles of track in Massachusetts which serves approximately 150 manufacturing firms employing 7,500 persons. If these branches are abandoned, however, other parts of the system will be less utilized, and as road beds continue to decay, they will be subject to abandonment by USRA's criteria, thus further undermining the viability of the total system. These proposed abandonments are adequate proof that the USRA's program of consolidating facilities, eliminating profitable operations, and guaranteeing loans are not sufficient for Massachusetts. A possible solution to this probably loss of critical infrastructure is government ownership and maintenance of the rights-of-way--a solution taken from the model we have used for highways, airways, and waterways.

While these last two conditions--high energy costs and an inefficient and deteriorating rail system--are particularly vexing to manufacturers, several other conditions adversely affect the Massachusetts economy as a whole. One of these is the serious and systematic shortage of capital with which to finance indigenous business. Owing to the conservative monetary policy practiced by the Federal Reserve Bank and unprecedented capital needs of prime borrowers (the Federal Government and large corporations), the nation is experiencing a "capital crunch." As a result of this capital shortage, prime borrowers have absorbed the traditional sources of venture and working capital for new and small businesses, thus ousting smaller borrowers from the money market.

For many of the same reasons that certain Massachusetts neighborhoods have been "red-lined," the Commonwealth as a whole has suffered from this national phenomenon more seriously than have many other states. Following their free market

instincts, many of Massachusetts' commercial banks, serving a regional, national, or international market, have decided that many of Massachusetts' investment opportunities carry a higher risk and lower rate of return than our-of-state investment opportunities. This perception, analogous to the self-fulfilling prophecy of "red-lining," means a capital outflow for Massachusetts and limited growth potential for our capital-starved industries. This condition can be exceptionally harmful for the Commonwealth's economic health, since more than any other state, Massachusetts depends on the formation of new businesses through the combination of new technology, skilled labor, and an abundant supply of capital. While cheaper energy and more efficient rail transportation are essential to the retention and expansion of established, mature firms serving regional and national markets, the availability of reasonably-priced capital is crucial to the development of younger businesses.

The Commonwealth has recognized this potential constraint on the formation and growth of indigenous firms and on the competitiveness of Massachusetts in attracting new business. The public instruments created to complement the private commercial loan market--IDFA's and EDIC's--are locally controlled authorities with the power to issue below-market-interest-rate loans from the sale of tax-exempt revenue bonds. Owing to the conservative local administration of these authorities, Massachusetts' $100 million in business loans compares unfavorably with other states, such as Pennsylvania, where $5 billion is currently outstanding in tax-exempt revenue bond industrial financing. Many other institutional models exist for directing capital to business, which like IDFA's, EDIC's, and Pennsylvania's State Industrial Finance Authority, represent no direct public cost. These include the secondary marketing of SBA-guaranteed loans to public and private pension funds (fifteen states), a linked deposit system for tying state bank deposits to those banks making investments for business development (Illinois), and a state development bank--a publicly-chartered bank in which a state manages its funds and those of other depositors to serve a public purpose (North Dakota). Other programs in which the state shares a direct investment include the Connecticut Product Development Corporation, which bears 50 percent of the cost of product development in exchange for a royalty on the marketing product, the Pennsylvania Industrial Development Authority, which makes direct loans to supplement the industrial revenue bond program in labor surplus areas, and the Massachusetts Community Development Finance Corporation, now pending in the Legislature, which would participate in loans to small and middle-sized businesses in labor surplus areas. If Massachusetts is to reestablish the preeminence it enjoyed during the fifties and sixties as a center for product development and business formation, the current capital shortage recommends a serious examination of new financial institutions to supplement Massachusetts' traditional financial institutions.

In addition to infrastructure and capital inadequacies which limit the growth of employment opportunities, the Massachusetts economy appears to be suffering from an excessive level of structural unemployment, causing the paradox of jobs begging for people in the midst of severe unemployment. Our second and fourth objectives discuss the problem of the growing geographic disparity between labor surplus areas and areas of employment growth. A strategy to mitigate this disparity must include the following elements:

- encouraging housing opportunities for low-and moderate-income households in areas of high employment growth;

- improving the public transportation system to facilitate access of workers in surplus labor areas to areas of high employment growth;

- encouraging the location and growth of business providing well-paying employment opportunities in and near areas of high unemployment and under-employment and along public transportation corridors connecting the jobs with these areas.

In addition to the physical mismatch of people and jobs, there exists a skill and wage mismatch. This mismatch tends to be most severe on the lower side of the labor market among two types of workers. The first of these are younger workers who, due to a lack of employment opportunities and sometimes racial discrimination have been unable to secure on-the-job experience and develop the skill and attitudinal requirements for many skilled and semi-skilled jobs. The second group is composed of those workers who have invested their working lives in the traditional and declining industries of Massachusetts, such as the textile, apparel, and leather good industries, and once unemployed find that the skill requirements of these industries have few analogs in other stable or growing industries. In a tight job market, these workers, who are often middle-aged, avoid retraining and reemployment which requires competing with a younger, more adaptable labor force.

In many cases, the inability of young workers to find appropriate employment results from a vocational education system which has inadvertantly prepared new labor force entrants with excessively narrow or obsolete skills. Conversely, our education system often fails to prepare youth with skills that are comparable with the needs of high-growth industries, such as Massachusetts' health, radio, and television communication, and advertising industries. However, for many youth and older workers who are unable to find reemployment, the job market provides few, if any, employment opportunities. The juxtaposition of several public needs suggests the creation of a state public works program, similar to that recently established by Connecticut. In addition to providing productive employment for unemployed youth and middle-aged workers and many construction workers who experience both seasonal and longer-term cyclical unemployment, a public works program can address the Commonwealth's critical energy and transportation infrastructure deficiencies and the infrastructure replacement needs of many older urban centers which are also labor surplus areas.

A further source of structional unemployment, discussed earlier in this objective, is the existence of a significant and growing number of low-wage jobs, which are unable to inspire the long-term commitment of the labor force and are a source of high turnover rates, unemployment, high unemployment insurance rates and public assistance levels. When these employment opportunities fail to attract workers, then there are often "jobs that are going begging." Efforts to upgrade the quality of this employment through minimum wage legislation, OSHA, and work quality programs should be encouraged.

An additional impediment to economic activity rests with the state itself. There has evolved on the state level an array of functionally, chronologically, and administratively disjointed permitting requirements which significantly inhibit the pace at which development proceeds in the Commonwealth. Many large and modestly-sized business and residential developments require one or more state permits such as those required for curb cuts, water supply, and sewage systems, waterways and wetlands development, and environmental impact. Existing businesses and developers seeking to build often encounter in this permitting system arcane and unresponsive administrative procedures and incomprehensible and narrowly-conceived decisions. While these permitting requirements undoubtedly serve a valuable public purpose, owing to their individual functional perspectives and administration, they unnecessarily inhibit the pace of construction and development and fail to insure that major projects are reviewed from a comprehensive state policy perspective. Clearly, if the Commonwealth is to present itself as a state which can successfully create a partnership with the development community and foster and expedite physical growth which is consistent with state policy, it must proceed to coordinate and consolidate its cumbersome development permitting system.

In addressing these fundamental causes of unemployment, which collectively and cumulatively have inhibited economic growth in Massachusetts, the existing economic base should be the main object of attention. Evidence indicates that in Massachusetts, as well as most other states, 80 to 85 percent of employment gains are attributable to the expansion of existing indigenous industries. By making growth possible and more attractive for its indigenous industries, Massachusetts can expand its existing economic base and as a corollary of this effort improve the attractiveness of the Commonwealth for new business.

Objective 6: Preserve Critical Resource Areas, Enhance the Environment Quality and Character of the Commonwealth, and Promote the Availability and Accessibility of Open Space and Recreation Areas.

The integrity of Massachusetts' natural environment must be preserved, not only for its own sake but because it is crucial to the future growth and development of the Commonwealth. Contrary to popular rhetoric, environmental enhancement and economic development are not fundamentally conflicting or mutually exclusive objectives. Although Massachusetts is situated at the wrong end of the country's transportation and energy supply lines, and therefore lacks some of the locational characteristics which work to the advantage of other states in attracting commerce and industry, the Commonwealth's magnificent natural environment largely offsets these other locational disadvantages, making it an unusually attractive place in which to live, work, and visit. Even so, the "quality-of-life" side of the argument for preserving Massachusetts' environmental integrity is perhaps less critical than the need to ensure adequate supplies of such fundamental resources as water, without which <u>any</u> future growth and development in the Commonwealth becomes extremely problematic.

Hopefully, the Commonwealth will come to practice the same conservative philosophy with regard to managing the state's environmental resources as it would bring to managing its fiscal resources. With each day, we become more aware that the notion of limitless, inexhaustible resources was but a chimera of the past. Massachusetts' finite natural resources must be protected and cultivated--again, not only because they are intrinsically valuable, but because, well-managed, they can make an immeasurable and largely renewable contribution to Massachusetts' future growth and development.

<u>Critical Resource Areas</u>

Primary among Massachusetts' environmental concerns must be the protection of its critical resource areas. Such areas support a natural resource system, or component thereof, which either:

- functions as a crucial link in the ecosystem upon which many of nature and man's activities depend (for example, a water supply aquifer recharge area) <u>or</u>

- constitutes a resource of considerable potential value to man, either in an active sense (such as mineral resource areas, which may deserve to be developed), a passive sense (such as a wildlife preserve), or some combination of the active and passive senses (such as forest or agricultural lands).

Some of these areas need to be protected <u>from</u> any and all development; others need to be protected <u>for</u> certain kinds of development. All require special attention due to their unique importance in the natural scheme of things.

A number of the more critical resource areas and their requirements for special attention are discussed briefly below. Each is generally well-recognized and has been well-documented as an area of unique natural importance. In some cases, these areas have become the subject of protective federal, state, and/or local regulation, but their overall preservation is piecemeal and often is not effected until they have been proposed as development sites. Accordingly, each of the following critical resource areas needs to be identified on a statewide basis, and policies regarding their protection and use need to be formulated and implemented systematically:

Wetlands: Coastal and inland wetlands, particularly those most significant as ground and surface water storage, flood control, natural habitat, or nutrient production areas, should be stringently protected from any encroachment.

Floodplains and Tidal Hazard Areas: In order to prevent threats to life and property caused by increases in the height and extent of potential flood waters, floodways and tidal hazard areas should be limited to open uses (such as recreation, agriculture, parking, and conservation), and buildings on the fringes of such areas should be so constructed to withstand potential flood damage.

Water Supply Aquifer Recharge Areas: Where lands pass significant amounts of drainage water through to the groundwater supply, so-called "aquifer recharge areas", development should be limited in order to protect the quantity and quality of water supply. (Sewers and impervious surfaces lessen groundwater replenishment, and sanitary landfill, excessive use of septic systems, highway de-icing salts, industrial wastes, urban storm runoff, and excavation below the water table all endanger groundwater quality). Development of these recharge areas should be limited to agriculture, recreation, or residential use of sufficiently low density that septic systems will not endanger water quality. Clustering is to be strongly preferred in order to maximize natural open space for groundwater recharge. Use of permeable pavement, drainage ditches, channeling of runoff (e.g., from roofs) to the soil, and other means of recharge should be encouraged.

Proposed Reservoir Sites and their Watersheds: To protect the quality of future water supply and the public cost of acquisition, these areas should remain in agricultural, recreational, or other open use.

Sites with Development Limitations: Areas with development limitations include: steep slopes where erosion can result from surface disturbance; soils which are inherently unstable; coastal areas where wave action causes critical erosion; beaches, dunes, and adjoining areas where any kind of disruption would result in eventual destruction; soils with percolation characteristics inadequate for septic tanks in areas without sewers, and areas with bedrock close to the surface. These areas sometimes have been subject to development--specifically because of their low land value. The best use would be open, and the only suitable development is very low density.

Coastal Zone Areas: The coast necessitates development considerations that are peculiar to that area alone due to its unique character, competing and often conflicting demands between uses dependent on coastal locations, and the great significance of the coast to the state economically, recreationally, and aesthetically. Uses dependent upon or related to a coastal location should be given priority over all others. Coastal-related commercial and industrial activities (fish processing, ship building, marina development) should be encouraged, while shopping centers and industrial parks should, as a general rule, be discouraged. Uses with no coastal connection and detrimental to coastal character, such as land-fill areas, are totally inappropriate. Uses should be of a nature, size, and design that will permit visual and physical access to the coast. Thus, recreation facilities, both passive and active, should be encouraged, while high-rise apartments and single-family homes should be discouraged. Residential development, if it occurs, should be clustered and low-rise. On urban waterfronts, port development, harbor improvement, docking facilities, and water transportation facilities should be encouraged. These uses, as well as those which link the waterfront with central business districts and which enable public access and activity should be given priority. Historic buildings related to the old ports should be preserved and integrated into these activities.

Shorelands: The use made of riverbanks and lakeshores is significant in several ways. Trees and other vegetation on water-body edges trap sedimentation and polluted runoff and are important for water quality. Construction on the shore is potentially hazardous to water quality due to waste disposal systems and increased erosion. Shoreland areas are the habitat of numerous species of plants and animals that depend upon both water and land; a large variety of types of shoreland must exist for the preservation of the species that depend upon them. In addition, the recreational potential of waterbodies is diminished if shorelines are not maintained in a visually attractive manner. For these reasons, buffer strips without development should be encouraged in areas within 100 feet of rivers, lakes, and great ponds (dependent on specific local characteristics), especially those designated as Class A or B water quality. Uses involving septic tanks or other possible sources of pollution or sedimentation should be restricted. Shore cover should be preserved, and development should be of a nature and design that preserves health and beauty, and permits physical access to the shore.

Unique Areas: Massachusetts abounds with areas of historic, architectural, archeological, or other cultural significance. However, many have been violated by development which is inimical to the proper maintenance and appreciation of such areas. All those which remain should be protected. Similarly, many natural areas such as wildlife habitats and breeding grounds have been encroached upon. All such unique areas should be catalogued and preserved since their value, once lost, can never be restored.

Scenic Vistas: Outstanding views from or of hills, mountains, rivers, etc., are valuable amenities. Many of these vistas have been revealed and made

available to the public through past development--for instance, through highway construction. Care must be taken that these vistas are not spoiled by future growth and development which could be accommodated in some less disruptive manner. Wherever possible, development should be limited to those uses and designs which are compatible with the character of the scenic vista.

Prime Agricultural Lands: Although these lands are major targets for development, they are extremely valuable in their current use and are not restorable to agriculture once developed. Their economic significance for food production and contribution to the state and local economy has been described in the Commonwealth's draft Food Policy Statement. Their environmental significance includes safeguarding the quantity and quality of groundwater (when deep enough to prevent the seepage of agricultural wastes), retaining flood plains, providing green areas which aid in maintaining high air quality, and preserving wildlife refuge. Aesthetically, they are the last vestige of Massachusetts' historic rural character, a major factor in the attractive setting that entices residents (including industrial executives) to this area. Prime agricultural soils (deep, well-drained, and fairly level soils suitable for intensive tillage, which are or have been in recent agricultural use and are in tracts of sufficient size and suitable location for long-term cultivation) should be preserved. These soils, along with the pastures and woodlots which make them cohesive and viable farming units, should be maintained in agricultural or other open use. Any alternative use should retain to the greatest extent possible both the rural character and the possibility of some agricultural use (extremely clustered, not land-extensive, residential development might be one example of such an alternative use).

Valuable Mineral Resources: Land containing sand, gravel, and other minerals is important to the economy of the Commonwealth and should be identified and retained in a state suitable for future exploitation. However, mining operations should be managed to minimize adverse impacts during and after the depletion of mineral resources.

In summary, these critical resource areas, as described cursorily above, should be preserved to the maximum extent feasible. (Priorities are discussed below.) While the list may seem somewhat long, it certainly is not exhaustive, and the actual coverage of such areas represents only a fraction of all developable land within the Commonwealth. In the recently completed Southeastern New England study (covering Eastern Massachusetts, where growth demands are highest), these critical resource areas were thoroughly analyzed and mapped. Based on that analysis, the SENE study concluded that there was more than ample land remaining to accommodate future growth and development. Although the preservation of critical resource areas may constrain a few specific development opportunities, its overall effect will be to expand both the quantity and quality of development opportunities in Massachusetts.

The Environmental Quality and Character of the Commonwealth

One of the principal assets of the Commonwealth, as discussed earlier, is the

diversity and quality of the Massachusetts environment. This diversity and quality certainly will be enhanced through measures aimed at preserving the state's critical resource areas. However, much more will be required if we are to capitalize on vital environment assets.

In many ways and in many places throughout Massachusetts, it is the incremental pattern of growth and development which has the most significant impact on the environmental character of an area. The cumulative impact of these smaller incremental developmental decisions might be as significant as (or in some cases, more significant than) the impact of the development of a particular critical resource area.

Development along roads, for example, probably has the most significant impact on our sense of "character" of the Commonwealth. The accumulation of small-scale commercial development (so-called "strip" development) can have a potentially disastrous impact on this sense of character in a given area (e.g., Routes 1 and 9). Even residential development strung out along roadways can significantly alter the sense of openness which an area appears to have. As a general rule, a broadly dispersed development pattern will tend to break-up open areas into less coherent pieces, thus adversely impacting the environmental quality of that development. Toward that end, a number of policies should be pursued:

- Commercial development should be encouraged to locate in existing centers; otherwise, it should be clustered in shopping centers, malls, or similar arrangements.

- Likewise, residential development should be encouraged to cluster, with most intensive residential development near existing centers.

- Development "in-depth"--that is, in areas interior to roadways--should be encouraged, while extensive development along existing roadways should be discouraged.

It is important that development occur in a manner which retains as much existing vegetation as possible, and according to design standards which will minimize visual and environmental damage. Residential subdivision and large-scale commercial and industrial development which involves wholesale clearance of vegetation should be strictly discouraged. Parking areas and outdoor storage areas should be carefully screened through the use of vegetation in combination with creative design and utilization of natural site characteristics. Existing historic structures provide an invaluable ingredient to the character of the state, and should be carefully protected through rehabilitation, adaptive reuse, and careful integration with new development. (See preceding Objectives).

The use and design of signs and billboards is particularly critical to the visual character of an area. Signs along major highways and in city and town centers should be regulated so as to provide maximum information within a visually coherent framework. Many communities are finding that a fair but aggressive sign control ordinance is a vital element in any downtown revitalization scheme, and that such an

ordinance can be implemented without substantial hardship to local business. Billboards along highways should be severely limited, with the exception of directional signs to facilities off the highway (which should be regulated as to design).

The design of all public facilities should proceed with due consideration for their potential impact on the overall environmental quality of an area. Highway design, in particular, should become increasingly sensitive to these concerns, which extend beyond the dictum of non-intrusion on critical resource areas. The traditional highway widening and straightening programs of the past few decades should take greater account of their potential impact on the "character" of an area. Narrow, winding roads--even though they have less traffic-carrying capacity--may be more harmonious with the character of certain rural or ex-urban areas than a straighter, more capacious roadway.

Public Open Space and Recreation Areas

A variety of public open space and recreation areas are required to satisfy the needs of Massachusetts' population. Play space close to home is needed for small children and for certain activities of older children. Accordingly, small (vest pocket) parks containing playground equipment should be available within every few blocks of all residential areas. Space for activities requiring larger amounts of land, such as playing fields, should be available in every neighborhood. Wherever possible, a common space, functioning as a village green, should be provided as a community center in every town or neighborhood, and attractive green spaces should be made available for passive recreation and as visual amenities.

The increasing popularity of water-based recreation is creating an ever-greater demand for access to water bodies and for the land which borders them. Public access to shoreline and coastal land is restricted by private ownership and municipal regulation. As a result, inland residents often have few opportunities to take advantage of ocean beaches; access to beaches along bodies of fresh water is similarly limited. As speculators buy up remaining undeveloped shorelands, opportunities to secure public access to those lands rapidly disappears. Access to water resources should be ensured wherever possible through the public acquisition of shorelands or through easements, and through the implementation of state policies which will relax private and municipal restrictions on access.

The demand for public funds to preserve open space and create recreational areas is so much greater than the ability to supply those funds that it is important that the funding process clearly corresponds to perceived needs for such areas. Development is most intense in urban areas, and typically the amount of open space remaining for active or passive recreation is inadequate.

Clearly, the more densely developed a neighborhood, the more critical is the need for open space for these purposes. Public expenditures for urban open space are valuable in the short run as part of the investment necessary to spur revitalization of central city areas and stabilize the physical condition of inner-city neighborhoods. This investment also is sound policy because parks tend to en-

hance the value of adjacent property, and ultimately to increase the community's collective "wealth". Although urban land is expensive to acquire, small, urban, open space parcels often have commensurately greater impacts, due in part to the fact that much larger numbers of residents can be served within a small radius. In short, the expense per acre is justified by the intensity of usage.

At present, the distribution of state-funded open space is greatly skewed in relation to the population. As of 1971, two-thirds of the state's population lived in the Eastern Massachusetts Region with less than a quarter of the state's recreation areas within that region. Over half of the state's population lived in densities of 3,000 to 10,000 persons per square mile, in areas with less than 5 percent of the region's open space.

The most densely settled areas, having the highest needs, should receive the bulk of open space expenditures. Every opportunity to purchase vest pocket parks should be taken. Among sites in urban areas, priority should be placed on acquiring land which is close to community centers (and thus accessible to the largest proportion of community residents) and on acquiring land for open space or recreation in neighborhoods in need of physical stabilization.

Conflicts and Priorities Relative to Environmental Quality

Even though sound development and environmental quality are interdependent, conflicts between the two can and will arise. If Massachusetts' future growth is to be well-managed, the Commonwealth must develop an improved mechanism for the resolution of such conflicts. Such a mechanism must embody a comprehensive view of the capabilities and expectations of Massachusetts, and must provide for early state access to "major" development proposals. The purpose of such access, other than to provide the state with an opportunity to comment upon proposals legitimately within its purview, is to enhance the likelihood of successful conflict resolution by identifying competing interests early on in the development process. The most frustrating and costly crises in project development arise at the eleventh hour. In such cases, regardless of whether the ultimate decision is made in favor of developmental or environmental interests, that decision usually represents a compromise of unnecessary proportions.

The general, or systematic, conflicts which arise in the implementation of environmental standards are primarily related to the problem of adapting general rules to specific settings. Such conflicts can take several forms. In one case, a particular type of development proposal, internally sound, poses some relatively minor environmental damage (of an incremental nature), which if allowed to occur--as a rule--would create serious environmental damage. In other cases, a general standard, designed to ensure environmental protection in the usual case, works unfairly in a number of particular applications because a literal application of the standard requires more stringent measures than the particular situations would appear to necessitate. Performance standards could reduce the likelihood of these conflicts somewhat. For example, undesired water quality impacts could be restricted, as opposed to prohibiting development within a specific distance of water

bodies. However, performance standards are extremely difficult to qualify, especially given the present "state of the art"--requiring, if it is to be truly accurate, extensive analysis of each specific site, rather than the application of a simple rule. Nonetheless, movement toward performance standards, where practicable, should be pursued.

Although the discussion thus far has dealt with the potential conflicts between basic environmental and developmental objectives, it should be noted that there are a number of inherent conflicts within the environmental community. Conservationists who have advocated the preservation of open areas in their natural state frequently find themselves in opposition to proposals which would involve intensive recreational (human) use of some natural area, necessarily contributing somewhat to its degradation. In a statewide context, both conservation (that is, strict preservation) and recreation needs can be satisfied. Thus, when conflicts arise over the disposition of specific areas, it is only through reference to the need for a broad geographical balance that any particular decision can be rendered in an objective fashion.

In preserving critical areas and acquiring new recreational areas, clear priorities must be established to guide the expenditure of public funds which are extremely scarce relative to overall needs. To the maximum extent possible, measures other than outright acquisition--which is the most expensive--should be utilized to preserve critical areas and to promote the availability and accessibility of recreational areas. For those areas where acquisition is necessary, the following criteria should be used in determining priorities:

- Potential population to be served by open space or recreation area (within a reasonable radius, dependent on type of area).

- Existing need for the particular type of area, based on availability (supply) of such areas within the vicinity of the proposal, and on the potential demand for such areas.

- Uniqueness of the specific area, particularly as it relates to scarce resources necessary to support human activity (e.g., water, energy supplies).

- Potential positive impact (or aversion of negative impacts) on the environmental character of a community or of a region.

- Degree of supportiveness of other public investment. (Examples include recreation investments in intown areas where substantial revitalization investments are also occurring, open space investments along water bodies where substantial public investments are scheduled or have already been made in order to upgrade water quality or to create a public water supply.)

- The potential leverage of the investment in terms of serving more than one

need. (An example is the acquisition of critical resource areas which, where they are not too fragile, could also serve recreational needs--e.g., coastal areas.)

- The criticality of the area to one or more elements in the inter-dependent natural systems of land, water, air, vegetation, and wildlife.

Massachusetts must improve its capacity to respond to the dynamic relationship between environmental integrity and sound growth and development with alacrity and sensitivity. Having acknowledged the special character of that relationship and its importance to the future of the Commonwealth, every effort must be made to strengthen and streamline current resource conflict resolution mechanisms and to establish guidelines and priorities which will ensure that future state investments maximize the benefits that can be derived from Massachusetts' natural environmental assets.

SECTION IV

THE EFFECT OF KEY STATE PROGRAMS ON GROWTH AND DEVELOPMENT IN THE COMMONWEALTH

Section II of this growth policy paper identified several significant growth and development problems in the Commonwealth, including the inefficient use of land resources, the deterioration of older centers, the inequitable distribution of costs and opportunities to Massachusetts' communities and residents, and inadequate levels of economic activity and residential investment. An analysis of certain key state investment programs indicates that public sector programs have played a much more than passive role in the evolution of these problems. Public programs have often facilitated and in many situations, in their collective and cumulative effect, have been the primary factor in the evolution of these problems.

To illustrate this fact, the Office of State Planning has analyzed the growth and development impacts of seven major state investment programs (documented at greater length in accompanying "Background Papers").

These investment programs are:

- school building construction, administered by the School Building Assistance Bureau (SBAB) of the Department of Education;
- school transportation reimbursement, administered by the Department of Education;
- highway construction, administered by the Department of Public Works;
- acquisition and development of recreational resources, administered by the Division of Conservation Services (DCS) within the Executive Office of Environmental Affairs;
- wastewater facilities construction, administered by the Division of Water Pollution Control (DWPC) of the Department of Environmental Quality Engineering;

- Economic Development and Industrial Commission's (EDIC's) and the Industrial Development Finance Authority's (IDFA's), administered by the Department of Commerce and Development (DCD); and
- housing for families and elderly persons of low- and moderate-income, administered by the Department of Community Affairs (DCA), the Massachusetts Housing Finance Agency (MHFA).

Generally, this analysis has been limited to investments made during the period 1970 through mid-1975, although in some instances (and these are noted), a longer history of the program has been reviewed.

Five overall investment patterns appear to emerge from a study of these seven investment programs. Although formally-adopted comprehensive growth and development policies have not existed in the past, it appears that these programs functioned according to a common, de facto set of policies which in many cases are inconsistent with and at times antithetical to those proposed in Section III of this document. That set of implied policies, the actual priorities of these programs, and their impact on the pattern and level of growth in Massachusetts are the subject of this section.

The first three of these investment patterns relate directly to the evolution of the initial problem which has been extensively discussed in Sections II and III, that of the inefficient use of our physical and natural resources. Specifically, these investment patterns have evidenced a systematic tendency to cause the inefficient and unnecessary use of land and energy and the underutilization and neglect of existing physical infrastructure and facilities. The following is a more thorough discussion of these findings:

1. Investment Priorities Have Directly or Indirectly Facilitated the Unnecessary and Inefficient Use of Large Tracts of Land in Outer Municipalities. Within Municipalities, State Programs Have Contributed to Development at the Fringes Rather Than Within or Adjacent to Existing Town Centers.

As discussed in Section II, the pace of land consumption in the Commonwealth in recent decades has been alarming. From approximately 1890-1940, land in Massachusetts was developed at a rate of one-eighth acre per person. In the period from World War II to present, however, open space in the Commonwealth has been consumed at a rate of one-half acre per person--a fourfold increase over the historic rate.

- Directly supporting this trend, some policy documents and state investment decisions clearly emphasize low-density, land-extensive development. The School Building Assistance Bureau (SBAB) recommends the construction of new educational facilities on large, expansive sites. According to SBAB, the ideal site is a "gently rolling wooded area" with recommended acreage requirements based on the age of pupils. The minimum acreage requirement for elementary, junior high, and high schools are ten, twenty, and thirty acres respectively. For each type of school building, an additional acre is required for each 100 pupils.

Clearly, SBAB's preferred site can rarely be found in the center of cities and towns; only at the fringes of municipalities are these spacious sites available.

- Furthermore, although in a less direct manner, the state's substantial reimbursement to cities and towns of costs incurred in busing students to these more distant sites provides further incentive for the inefficient use of land. According to provisions of the school busing reimbursement program (M.G.L. c. 71, s. 7A), administered by the Massachusetts Department of Education, after deducting $5 per pupil from a municipality's total transportation expenses, all other costs for the purchase and operation of buses used exclusively for school transportation are reimbursed by the state. This provision of state law clearly provides no incentive to locate schools near concentrations of school children so as to avoid unnecessary land consumption and transportation expense. SBAB further reinforces this indifference to locational proximity and transportation expense, as its guidelines read: "...reasonable travel is no longer considered a problem... The site does not necessarily have to be central to its district. It is more important that the site be removed from dangerous traffic or air transport, or business environments."

- The SBAB and school busing reimbursement programs would appear to have unnecessarily contributed to the dispersal of school facilities within communities. Within regions, it appears that planning and construction grants for sewage treatment facilities, a program administered by the state's Division of Water Pollution Control, have contributed to the unnecessary consumption of land in rural and outer suburban communities. During the period 1970 to 1974, in seven out of eleven regional planning districts in which construction took place (including the Boston metropolitan area), considerably more funds were spent per capita for treatment facilities in municipalities with populations under 10,000 than in municipalities with more than 10,000 persons. As many larger urban areas suffer from insufficient or non-existent wastewater treatment facilities, often constraining new growth in these areas, this pattern cannot be attributed to the fact that the needs of existing large built-up areas have been satisfied.

  Moreover, this investment pattern, which is biased toward smaller communities, establishes not only the capacity, but also a strong fiscal requirement for these communities to attract new development, much of which is dislocated from existing built-up areas. Although federal and state programs assume 90 percent of the cost of treatment plant and interceptor sewer construction, municipalities are still required to cover 10 percent of the cost of these multi-million dollar projects and all the operation and maintenance costs. In addition, through their own revenues, towns must cover the full cost of installing sewage collection facilities to collect and feed the treatment plant. These costs, whether absorbed by tax revenues or user charges, impose a substantial burden on municipalities and their residents. This burden is especially severe

due to the need of existing users to finance the existing unused capacity which has been built in anticipation of development twenty or more years into the future. The response of small municipalities to this substantial fiscal burden is often an attempt to hasten the development process through the willy-nilly pursuit of new growth, especially industrial development.

- The Department of Public Works' practice of spending the maximum amount of federal funding available as quickly as possible often has led to the construction of sections of the interstate system in areas of least controversy first--that is, in open areas between cities. Thus, Interstate-93 was constructed in the less densely-settled communities north of Boston several years before construction was begun in Medford and Somerville. The most rural portions of I-90 in Hampden and Worcester Counties (where large industrial parks are now located) were completed a number of years before the Metropolitan Boston segments. This practice facilitated early development of open areas and created more efficient truck and automobile access than that available to urban areas. Outlying municipalities capitalized on this asymetrical highway development by consistently zoning land near interchanges for heavy industrial and commercial development. The open areas with interchanges became advantageous sites for new or relocated economic activity on large tracts of relatively inexpensive land.[1] Because transportation investments in central areas were deferred or not made at all, older centers remained choked with antiquated transportation systems. Since access to markets and raw materials is a primary industrial location consideration, the relocation of industries from cities to suburban areas with desirable, multi-acred sites was facilitated.[2] The stated policy of the 1969 State Highway Plan "to serve committed future development" (instead of improving conditions for existing development) indicates that the increase of this land-extensive development was the goal of DPW.

- The consumption of land in outer municipalities was further facilitated by DPW's willingness to invest in major traffic improvements near expanding suburban commercial and industrial facilities. Major traffic volume increases which were generated by new regional shopping centers or industrial parks required extensive signalization, channelization, and

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[1]This phenomenon did not always take place, of course. One of the most outstanding and as yet unstudied exceptions is the slowness with which land along I-495 has developed.

[2]Simply providing better access to older municipalities is not the total answer, of course. Experience in other parts of the country, for example, Detroit and Cleveland, demonstrates that better access to cities can itself serve to spur the exit of development from cities. To serve cities effectively, improved access must be combined with a program of land assembly and modernization of existing municipal facilities.

interchange renovation. The fact that suburban developers can rely upon the construction of such improvements at public expense, generated by their own initial investments, reinforces the practice of land-extensive development at new, open sites. Again, due to the suburban and rural orientation of these investments, outer communities have been able to provide better highway capacity and traffic circulation than that available in older communities.

- An additional program which has facilitated the redistribution of development is the Industrial Development Finance Authority, an agency which, like urban renewal agencies, is established by state enabling legislation and adopted by municipalities. IDFA's have the authority, with concurrence of the Department of Commerce and Development, to issue loans from tax-exempt revenue bonds to manufacturing firms expanding within or relocating to their jurisdictions. The record shows that these bonds have been used extensively to support the relocation of industry from existing centers to suburban industrial parks. Of the approximately $100 million in industrial revenue bonds authorized by the Department of Commerce and Development since 1968, nearly $90 million has been approved for suburban and rural IDFA's. Although it is arguable that IDFA bonding has been critical to any location decisions, clearly in concert with the suburban and rural orientation of major sewage and highway investments discussed above and the relatively low level of public investments in existing centers, which is the effect of such an orientation, these investments can be a powerful stimulant to creating a predictable and often inefficient pattern of dispersed growth.

2. Investment Decisions Implicitly Have Treated Energy as an Inexpensive and Readily Available Commodity. These Decisions Often Have Facilitated Development Requiring Unnecessarily High Energy Expenditures.

The cumulative effect of the state investment programs appears to have caused the inefficient consumption of another national resource, energy. To the extent that state investment decisions encourage low density new development, the amount of energy required both to service and to provide access to those facilities is markedly increased. Because the Commonwealth lacks any of its own developed energy resources, energy has always been a relatively more expensive commodity for Massachusetts residents than for residents of other states. As a result of escalating oil costs, the per capita expenditure for fuel in Massachusetts has increased threefold in the years from 1970 to mid-1975. What might in years past have been considered only a land-wasteful development pattern, now must also be regarded as excessively wasteful of energy. Programs that continue to require high energy expenditure place a special burden on the economic well-being of the state. Nevertheless, several of the programs reviewed continue past assumptions concerning the low cost of energy.

- School building assistance and school busing, in continuing to encourage school construction on the edges of municipalities, cause energy costs to climb both as a result of transmitting energy and water to and waste from the distant sites and also as a result of energy costs for transporting students to such sites.

- The state Division of Conservation Services, which is mandated to acquire recreational areas, has invested the majority of its funds in acquisitions which are distant from densely-settled population centers and are poorly served by public transportation, thus further reinforcing automobile dependency.

- DPW investments in roadway improvement in connection with the issuance of curb cuts has facilitated low-density development which can only be served by the automobile. A significant quote from DPW's 1969 Draft State Highway Transportation Plan (the latest published yet never adopted) indicates the extent to which energy costs have been minimized in DPW thinking.

> Proximi ty to rail service, airport, and harbors can, of course, be equally as important as proximity to good highways. All forms of transport confer their own special economic benefits. However, highways are probably the most cost-effective as public investments, and the benefits they confer are probably the most universally enjoyed. Hardly anyone uses a train, a plane, or a ship every day, but almost everyone does use a highway every day.
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> Direct benefits accrue to highway users: Motorists and their passengers, truckers, taxi and transit operators (and their passengers) all share directly in the economic return from sound investment in highway improvements. Better roads are "faster" roads, because unit costs of travel decrease with speed increases. Thus, highway users save time on a better road, they save vehicle operating expense, and they save accident costs. The sum of these savings will generally far outweigh the cost of providing the better road.

The statement neglects two critical points of current importance. First, although it was possible to ignore the marginal cost of increased fuel use at higher speeds in earlier years because the per unit cost of fuel was relatively low, that situation no longer obtains. It is no longer assumed that "better roads are 'faster' roads, because unit costs of travel decrease with speed increases." This assumption has been so widely rejected that many states, including Massachusetts, have lowered maximum speed limits to 55 miles per hour.

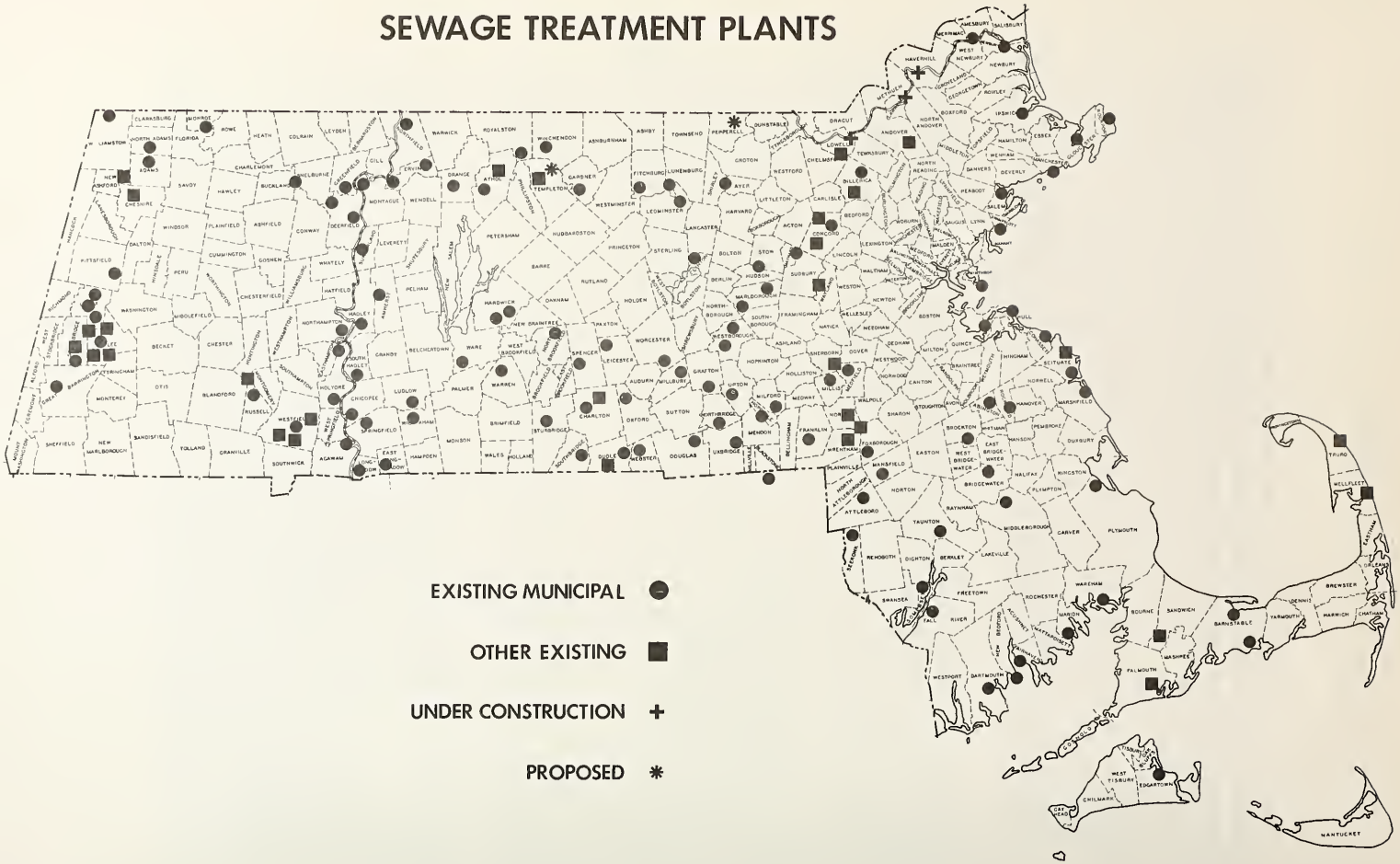
Moreover, although speed may have compensated for distance several years ago, and made highways "the most cost-effective as public investments," high fuel costs have rendered the kind of dispersed development supported by highways less economical. Other kinds of transportation relying on clustered development become much more cost competitive. An example of this is the commuter train or subway which is many times more cost-efficient per passenger mile than the automobile.

3. State Investment Programs Have Encouraged the Development of New Public Infrastructure and Facilities in New Settings Rather Than the Revitalization of Existing Infrastructure and Facilities.

Having invested substantially in sewer lines, treatment plants, highways, and other transportation improvements, school buildings and subsidized housing, the public sector should attempt to gain a maximum return from these investments. The rehabilitation of existing infrastructure often is significantly less expensive than the cost of new construction. However, the relative cost considerations of rehabilitation versus new construction extend beyond a simple calculation of the comparative direct costs of these activities. Often a decision to construct new physical infrastructure and facilities rather than to rehabilitate existing resources merely defers the inevitable public expense required to rehabilitate or to raze and clear existing deteriorated structures. This neglected cost clearly should be incorporated into any analysis of the relative costs and benefits of new construction and rehabilitation. A further indirect cost is that of unforseen new construction in certain situations. New housing developments often require related public investments for water, sewage, and recreational facilities where these support facilities had not existed in sufficient supply. Investments in highways and sewage facilities often spur new development which, in turn, requires additional infrastructure investments. Decisions involving a choice between constructing new infrastructure and facilities or revitalizing these existing physical resources clearly require a more inclusive reckoning of these indirect costs of new infrastructure development.

- Studies have indicated that in most instances it is significantly less expensive to rehabilitate existing educational structures than to finance the construction of new educational plants at new locations. The policy of the School Building Assistance Bureau, however, is to discourage rehabilitation. The evaluative forms presently in use by SBAB to describe the sort of investment needed for educational structures in a particular community do not even include an assessment of the potential for rehabilitating existing structure. (The program administrator declared, however, that the forms were undergoing revisions to reflect that possibility.) Reports from local officials indicate that only recently, when local officials remained adamant, was it possible to modify SBAB's policy discouraging rehabilitation.

SEWAGE TREATMENT PLANTS



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- The Department of Community Affairs' Housing Needs Study indicates that approximately 70 percent of the 1970 estimated need for housing for Massachusetts low- and moderate-income families and elderly could be met by subsidizing the rehabilitation of existing substandard housing stock in the Commonwealth. In recent years, as the cost of land, building materials and finances has escalated, the use of existing housing and the rehabilitation of existing structures offers a more efficient and less expensive approach to satisfying our subsidized housing needs than the state's traditional emphasis on new construction. Rehabilitation of existing structures, in addition to generally being more inexpensive than new construction, has the advantage of reinforcing lower density housing in existing neighborhoods, rather than constructing high-rise developments which often undermine existing neighborhoods. Nevertheless, in rural, suburban, and central city settings, the state and the Massachusetts Housing Finance Agency, in their various housing subsidy programs, have provided fewer than 5 percent of their units through the rehabilitation of existing structures.

- The use of IDFA bonds to relocate industry already has been noted. Of equal interest is that out of the total of $92,480,000 million in IDFA bonds used for plant construction, only $13,350,000 million, or 14 percent of the total, was used to enlarge or improve existing industrial facilities. The remainder was used to provide entirely new production or warehouse facilities.

The three investment patterns discussed above have accompanied and contributed to the unnecessary and inefficient use of our physical and natural resources. A second major development problem in the Commonwealth which has been a subject of this paper is the deterioration of existing urban centers. Our analysis of seven key state investment programs has resulted in the following finding, which is the fourth of six:

4. Investments Have Placed a Low Priority on Maintaining the Vitality of Existing Urban Centers.

Although, in 1970, 45 percent of Massachusetts' population lived in municipalities with populations greater than 50,000, the preservation or renewal of the vitality of existing urban centers has been systematically downgraded through the investment priorities of state programs:

- The unique characteristics of urban settings (historic buildings, governmental centers, public transportation, varieties of commerce, and proximity to public utilities) were given low priority by SBAB in making investment decisions for school buildings. SBAB forms gave these factors only 15 percent of the total weight in making site decisions, while the size and physical characteristics of a possible site accounted for 40 percent of the score. In practice, the negative characteristics associated by

SBAB officials with urban centers--air and noise pollution, traffic, the possibility of undesirable individuals fraternizing with school children, commercial activity--resulted in nearly uniform negative evaluations of urban centers as potential sites for SBAB investment. The city of Boston routinely provided the lone exception to this practice because no "rolling, wooded sites" were available in the city.

The SBAB practice of downgrading urban centers as potential school building sites, in addition to abandoning existing facilities in urban centers, created a large financial burden for older municipalities, even when the state assumed 65 percent of the costs of construction and debt service. Most older municipalities, where reuse of existing facilities was a viable option, already suffered under high tax burdens. New construction simply exacerbated that situation. Moreover, the positive effect which the location of educational facilities in urban centers would have had on the commercial activity of those older urban areas was never considered.

Only recently, when the objections of city officials have been sufficiently vocal, has it been possible to overcome the SBAB predisposition against the reuse of existing sites in urban centers. The city of Cambridge proposed rehabilitation of its existing, centrally-located high school. The site was served by public transportation and enjoyed the additional advantage of proximity to the municipal library. Still, SBAB officials encouraged relocation to a North Cambridge site formerly used as a sanitary land fill, although state officials admitted that they were "disappointed" that the existing site was so attractive. The local officials of Cambridge prevailed, however, and eventually the existing site was chosen for rehabilitation. The outcome of recent city/SBAB negotiations has been similar in Quincy, Pittsfield, and Lowell. Many cities and towns which also had centrally-located sites available for reuse never perceived the option of such reuse and passively submitted to SBAB requirements for new facility locations.

- Massachusetts' Statewide Comprehensive Outdoor Recreation Plan (SCORP) lists the "acquisition of recreation lands to serve residents in urban high density population areas" as its highest priority for open space acquisition. Nevertheless, during the years 1970 to mid-1975 when $27 million was made available to municipalities for the acquisition of open space through the federally-supported Land and Water Conservation Fund (LWCF) and the state-supported Self-Help program, only $460,000 was made available to urban municipalities to acquire open space. A high percentage of the acquisition funds were used for the purchase of open land in the so-called Massachusetts Bay Circuit, a legislatively-designated but unfunded greenbelt area in the outer suburbs of the Boston metropolitan area. The Massachusetts Bay Circuit includes such relatively affluent suburbs as Stoughton, Sharon, Sudbury, Wayland, Concord, Bedford, Carlisle, Topsfield, and Ipswich. Numerous other wealthy suburban municipalities adjacent to those in

the Circuit, including Dover, Lincoln, Acton, and Westwood also received extensive LWCF and Self-Help funding. The 1973 edition of SCORP analyzed the amount of recreation and open space lands within extremely dense areas of the state and recommended that additional land acquisition in such areas should be given high priority. Yet, since this plan was published, no such acquisition drive has taken place. The largest single recent purchase has been several hundred acres in the town of Carlisle for $2 million.

The goals pursued by the Division of Conservation Services for the massive suburban open space acquisition program are twofold. First of all program officials sought to preserve natural resource areas, like aquifers and wetlands, against unwise development. Second, the program attempted to provide a greenbelt buffer against development in portions of outlying municipalities. In practice, neither of these goals was actually accomplished. Greatly increased funding would have been necessary to provide a greenbelt or to preserve a significant amount of resource areas. The main result of the open space acquisition program probably has been to enhance the value of development already present in the outer suburbs and to provide extra amenities for new development in those areas, rather than in older urban neighborhoods which most critically require basic open space amenities.

Older centers contain many isolated parcels which could provide parks for the residents of urban neighborhoods. A study of available land done for the City of Somerville by the Harvard Center for Population Studies in 1973 found that almost 100 acres was available for purchase and use as neighborhood parks throughout this city--which is the most densely populated city in the state and one of the most densely-settled in the nation. Nevertheless, no state open space acquisition money has ever been made available to the City of Somerville.

It should be stated that the DCS did not completely ignore the cities in the allocation of recreational funds. Of the $10 million from the LWCF available for development of recreational facilities, approximately 50 percent was spent in Massachusetts' urban centers and inner suburbs, while the remainder was spent in outer suburbs and rural areas. On the other hand, the state-established Self-Help programs, not subject to any federal criteria regarding urban areas, did not reflect any such interest in such areas. From 1970 through 1974, not a single dollar of Self-Help funds was spent on urban municipalities in the Boston metropolitan area, and only 11.8 percent on urban municipalities outside the Boston area. The real problem with such neglect of the cities by state recreational funding programs is not simply the inequity of resources made available to major population centers, but the fact that increased open areas, if they had been provided by DCS in the cities, could have fostered new residential and commercial investments in older urban neighborhoods and business centers.

- State economic development programs have been administered with a minimum of success in older urban areas. IDFA's, which provide loans to manufacturing firms from revenue bonds, were first authorized in 1967, and, as noted, have been utilized most extensively in outer municipalities, where land assembly problems are not significant. IDFA's, according to Section 2 of Chapter 40D, may be established only if a city council or town meeting declares: "(1) unemployment or the threat thereof exists in the municipality, (2) security against future unemployment and the lack of business opportunity is required in the municipality ..." Unfortunately, municipalities with the highest rates and greatest number of unemployed--Massachusetts' older urban centers--have not been able to take advantage of this law because of the many other problems facing manufacturing firms seeking new locations or space on which to expand in urban areas.

  In part to address these other problems, legislation authorizing Economic Development and Industrial Commissions' (EDIC's) was first passed in 1972. EDIC's provide an extensive array of tools needed for industrial development in cities, including land assembly through eminent domain, revenue bond financing, and facilities construction. However, the EDIC often represents an institutional threat to an existing urban renewal agency and raises a particularly vivid spectre of residential relocation. In part due to these factors, only the cities of Boston, Haverhill, Gardner and Lawrence have established EDIC's, and only in the case of Boston has such a corporation been effective in securing new development or expanding existing development. In the Boston case, moreover, only 100,000 square feet of expanded development was relocated.

  Meanwhile, of the 35 projects funded with IDFA bonds since 1968, twenty have involved relocation. Of these twenty relocations, eight were by industries from urban centers into suburban settings. These relocations had the effect of diminishing the tax base of older urban areas and forcing urban workers to spend large sums of money to commute by private automobile to new suburban plants or to relocate, if they wanted to retain their jobs. While it would appear that the IDFA and EDIC legislation was designed with the purpose of assisting labor surplus areas, in fact, owing to the local option allowing all communities to establish those institutions, institutional rigidities in many older and larger communities, and the revenue bonding feature of these authorities, IDFA's and EDIC's would appear to offer no effective incentive for attracting and developing jobs in urban areas.

- Under federal criteria, expenditures for the construction of new sewage treatment plants utilizing the best practicable wastewater treatment technology receive a higher priority than the construction or refurbishment of collections systems. The DWPC has interpreted federal guidelines as requiring uniform expenditure practices throughout the Commonwealth. While interceptors and sewage treatment plants are constructed statewide, the DWPC discourages the renovation of portions of collection systems which are smaller than interceptors, even though such funding is possible under EPA guidelines.

The need in many urban municipalities, however, is for a refurbishment of existing collection and lateral sewer systems, in addition to the construction of new treatment plants using advanced technology. In a number of cases, urban center systems date from the last century and are either unable to handle effluent at certain peak periods or are so severely damaged as a result of cracked pipes or crushed joints that they present serious health hazards. One of the main obstacles remaining to the redevelopment of the Revere Beach area is the antiquated condition of the city's collection system which cannot carry the wasteloads of contemporary development. Because EPA funds were thought to be unavailable, a complicated system of funding through the Economic Development Administration has been pursued. The capacity of the existing system has been a major concern in discussions of returning industry to the City of Cambridge. In the case of the City of Boston, raw sewage is poured into the Charles River at a number outfall sites. Funds cannot be made available for new interceptors along the Charles River, however, until advanced wastewater treatment capacity is constructed in the Metropolitan District Commission's two processing stations. The City of Lowell presents an even more specialized problem. In Lowell, funds are needed to construct a water filtration plant, because the City's main source of water is polluted by sewage from outfalls belonging to upstream municipalities. There are no funds in any federal or state water pollution control program to construct such facilities, however, even though the problem is directly related to water pollution.

In summary, either as a result of explicit EPA funding restrictions or as a result of DWPC's interpretation of funding guidelines, many badly-needed improvements in urban water pollution control systems have not been made. The result is not only one of continuing public health problems in urban areas but also the limited ability of older municipalities to provide the wastewater treatment capacity necessary for modern economic development.

- DPW investment in traffic improvements, a practice which, as already noted, facilitated the consumption of large parcels of land in outlying municipalities, in several cases aided the location of major regional shopping centers which have contributed directly to the decline of commercial activity in existing urban centers.

The negative effect of major shopping centers on a number of existing commercial centers has been documented numerous times in Massachusetts and other states. The relationship of the North Adams Mall to the inability of the North Adams Redevelopment Authority to find a major developer for its downtown area or the amount of economic activity drawn out of both downtown New Bedford and Fall River by the new Dartmouth regional shopping center are ready examples. To the extent that this configuration of public investments in schools, open space, industrial revenue bonds, sewage treatment facilities, and highway improvements can make communities more attractive for residential, commercial, and industrial development,

it would appear that having systematically underserved older areas with these capital investments has undercut their locational advantages. Public investment policy should not be used to suppress economic or residential activity once a market has been created for new goods, services, or houses; however, public investments can be more effectively used to enhance the locational qualities of existing centers--the environment, traffic circulation, etc.--and to assist these older areas in retaining their economic and residential characters.

The third growth and development problem which has been identified and discussed in earlier sections is a lack of equity in choice and opportunity among households and communities. The propensity of the investment patterns identified above to favor low-density areas has itself contributed to less opportunity and choice for much of our urban population. Accordingly, a specific finding of our investigation of these seven key investment programs is that:

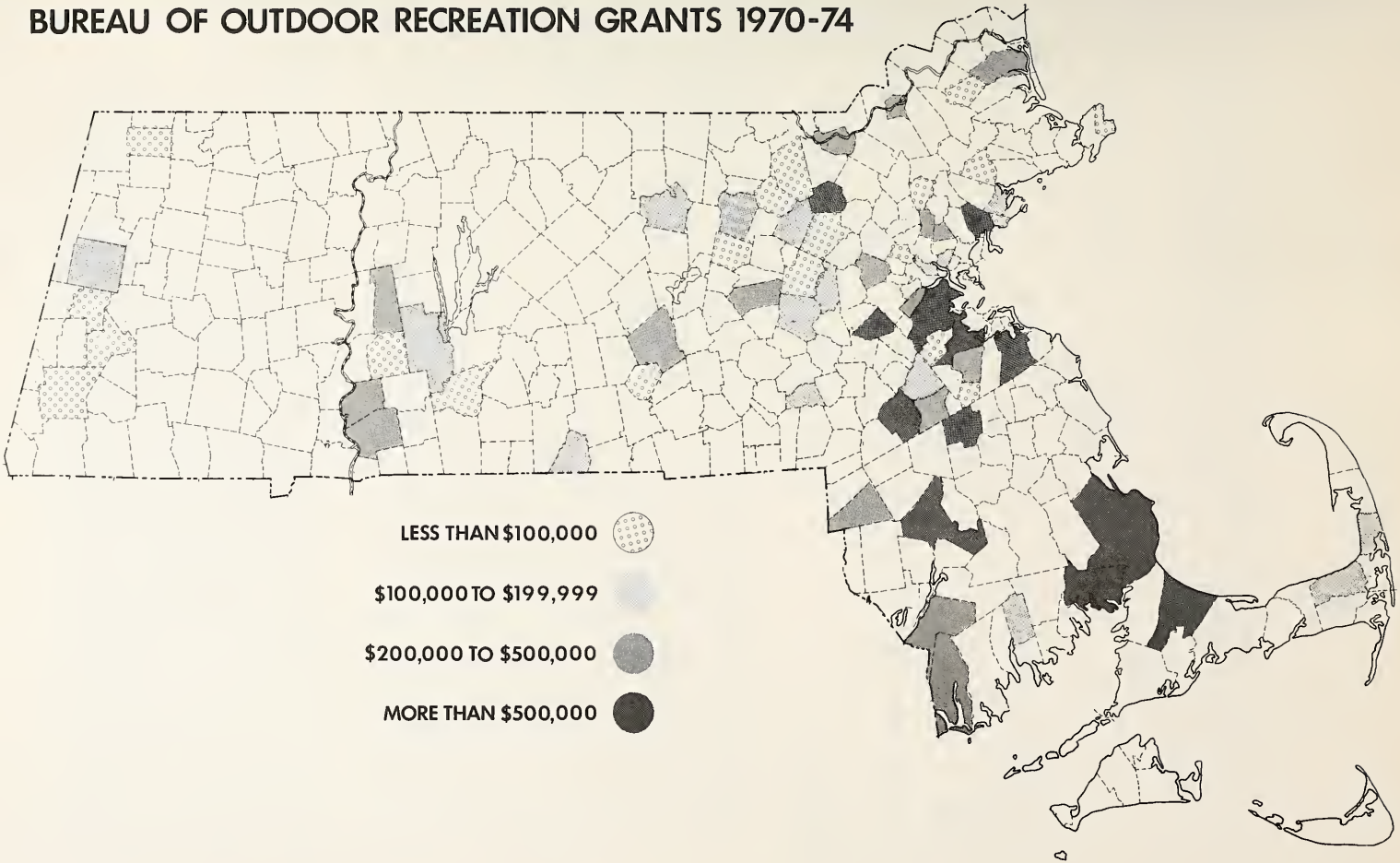
5. Public Development Was Often Funded in Municipalities Most Prepared to Take Advantage of Investment Programs Rather Than in Those With the Greatest Need.

Municipalities with the greatest need for subsidized housing, wastewater treatment systems, and other state investment programs are often least able to take advantage of such programs because of a lack of local funding and legal and administrative expertise. This problem has, in a number of cases, resulted in an inverse relationship between funding and need population.

- The construction of wastewater treatment facilities has already been discussed. To view that issue in yet another way, the heavy expenditures in small, rural municipalities contrast sharply with the unmet water quality problems in several Massachusetts' densely-settled urban centers. Not only is it impossible to secure funding to refurbish existing sewage systems, but a number of older municipalities in Massachusetts, already burdened by excessive property taxes, are reluctant to construct new sewage treatment plants because of the local funds needed for construction, operation and maintenance, although their water quality problems are massive. This reluctance on the part of some older municipalities has resulted in the shift of funding to rural, more sparsely-settled municipalities with less severe water quality problems. These rural municipalities are at times more sensitive to the administrative sanctions that can be employed when water quality problems are not solved. The result, as noted earlier, has been a greater expenditure per capita in municipalities with populations of less than 10,000 than in municipalities with populations greater than 10,000 in seven out of the eleven regional planning districts in which construction took place.

- According to the most recent survey of state and federally subsidized housing conducted by the Department of Community Affairs, many of the older cities in the Commonwealth, where the concentration of elderly citizens is

BUREAU OF OUTDOOR RECREATION GRANTS 1970-74



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greatest, were significantly underserved by government-supported elderly housing programs. A review of the percentage of all elderly units constructed in major cities as a portion of planning district represented by those same municipalities, demonstrates the following:

Municipality	Percent of Effort in Planning District	Percent of Need in Planning District
Springfield	16.7%	42.8%
Haverhill/Lawrence	35.1	61.9
Worcester	45.8	52.9
Boston	16.6	31.9
Lowell	51.2	68.7

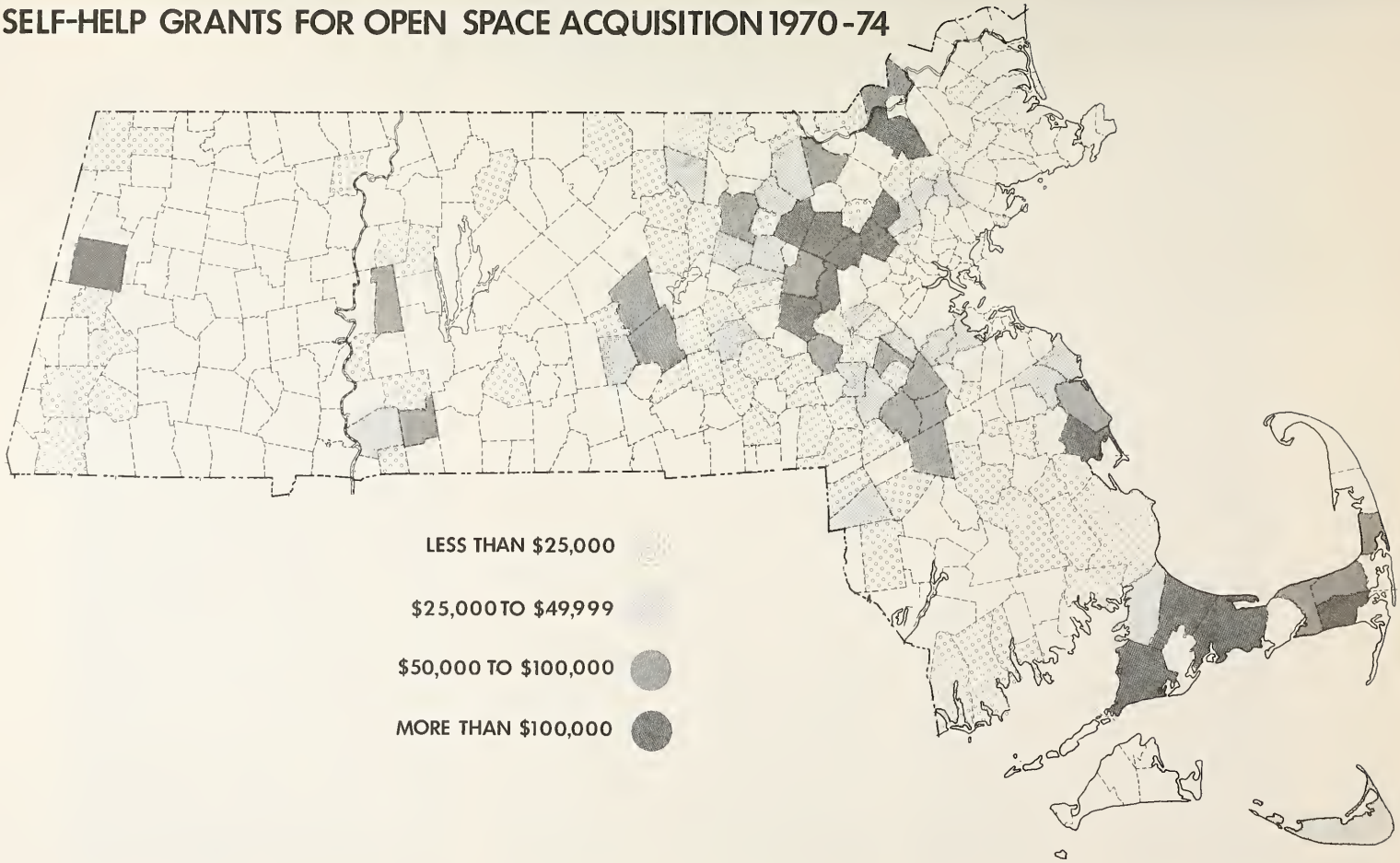
In a few cities, however, it should be noted that the need has been overserved:

Brockton	75.6%	58.2%
New Bedford	39.1	25.9

In general, older municipalities did not receive an adequate share of elderly housing constructed with state or federal subsidies. Several explanations might be advanced for this. In some cases, suburban housing authorities, oftentimes more aggressive and affluent than their urban counterparts, were able to take more effective advantage of the state's elderly housing programs. Older cities with larger and more vocal organizations of low-income tenant families were more active in pursuing subsidized family housing. Moreover, many suburban municipalities have been active in pursuing subsidized elderly housing at the expense of similar efforts for subsidized family housing. A statewide overview of effort versus need for subsidized family housing demonstrates this point. While suburban municipalities represented 26.2 percent of the need for elderly housing but received 29.7 percent of the elderly units constructed, these same municipalities represented 19.5 percent of the statewide need for low-income family units but received only 10.8 percent of the subsidized family housing effort.

- As previously discussed, the administration of the LWCF program, developed for urban populations, and the Self-Help program, designed to foster the organization of conservation commissions, has, in fact, promoted recreational opportunities for relatively affluent suburban communities while achieving minimal advances in urban areas. This impact is a direct result of the locational choices of the Division of Conservation Services in regard to applications for LWCF and Self-Help funds from local communities. Despite rating systems which are weighted in favor of dense, poorer, urban areas, the benefits of both programs have consistently been enjoyed by wealthier communities which already have greater recreational opportunities. The cause of this problem is the fact that neither program re-

SELF-HELP GRANTS FOR OPEN SPACE ACQUISITION 1970-74



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quires that facilities serving urban population be located in urban centers. Thus, the large LWCF and Self-Help projects in towns such as Lincoln, Carlisle, and Duxbury have been justified on the basis of their proximity to the Boston urban center, yet the lack of transportation has effectively precluded their use by many Boston residents. Access for all people to these projects is guaranteed by state and federal LWCF regulations, yet in reality, there is little public transportation, no public advertisements in urban areas, and limited parking at all of these outlying areas. The Division of Conservation Services' rating system does include an assessment of transportation possibilities to the proposed project. Of the possible 130 points in the LWCF system, a total of 3 are allocated to this element, indicating its relative importance in contrast with such other project factors as natural/cultural significance (15 points), protection of water resources (7) and innovation (5). The accessibility factor is the smallest point total of all categories.

Sandy Neck Beach in Sandwich and Barnstable serves as an example of this serious problem of access for urban residents to recreational areas. The northern edge of Sandy Neck peninsula runs along Cape Cod Bay, with calm seas, an unspoiled beach, and acres of dunes. The town of Barnstable received $14,500 and the town of Sandwich $93,250 from Self-Help and LWCF sources to purchase approximately 28 acres and 2000 feet of beach frontage. The area is virtually inaccessible without a car. It is located six miles from Sandwich Center, the nearest stop for public buses. Even with a car, parking at the site is limited and costs $3 per day. Of particular concern is the fact that a significant number of households in surrounding areas lack access to automobiles. While the number of households lacking access to automobiles in Barnstable is 8.7 percent, in the two nearest counties, Plymouth and Bristol, the figures are 11 percent and 22 percent respectively. Yet, DCS is entertaining a second application from Barnstable to purchase additional beach property at Sandy Neck for $200,000.

The policy of emphasizing acquisition in suburban areas with LWCF monies and of using Self-Help funds solely for acquisition has had an unfortunate effect on the exclusionary housing practices of certain suburban communities. State open space funds have removed large tracts of land from the development market. In many instances, these purchases have provided open space valuable to the community which otherwise would have been used for other purposes. The recreational and psychological value of these parcels cannot be denied. However, some of the largest of these tracts have been located in communities which also have large-lot zoning, and prohibitions against multi-family housing units. The extent of the public lands in these towns, notably Carlisle and Lincoln, combined with these other local factors, has contributed to the virtual exclusion of lower-income people from these communities. There have been instances in which the Conservation Commission has concentrated on buying up developable land before purchasing such marginal land as wetlands and bogs--valuable local water resources. The officials of the Division of Conservation Services, of course, have not en-

couraged the use of public funds for exclusionary purposes. The fact that funding depends upon the ability of a community to make application, and that many of the outer suburban communities have the financial resources and administrative and legal expertise often not available to the more densely-settled urban centers of the Commonwealth to pursue state funds has resulted in the mismatch of open space funding and need population, and the possible reinforcement, in some instances, of exclusionary practices.

- Transportation expenditures by DPW were severely out of proportion with the Department's estimate of need for expenditure. Even after the gubernatorial moratorium on highway construction in 1973, a full 61 percent of the federal highway funding was spent on the Commonwealth's interstate system in both 1974 and 1975. Urban systems, representing construction of major streets between activity centers in urban areas of more than 200,000, represented 18.2 percent of state expenditures in 1974 and 16.2 percent of expenditures in 1975. These two years, which are representative of departmental spending priorities during the entire 1970 to 1975 period, contrast sharply with DPW's own estimates of need for those categories from the 1970 to 1990 period of 7.5 percent and 42.1 percent of total expenditures respectively. These misallocations, of course, are mainly the result of rigid federal spending categories. Changes will result only from firm state efforts with Congress to reduce the number and broaden the scope of highway spending categories.

A fourth major problem area identified in earlier sections of this report is the insufficient level of economic activity and residential investment in the Commonwealth. Our analysis has identified a number of situations in which public investments have been wasteful, untimely, and/or ineffectual, resulting in the displacement of scarce public resources from productive economic and residential activities. Accordingly, a further finding of this report is that:

6. Public Investments Have Not Been Used Efficiently or Effectively to Spur Economic and Residential Development, and in Certain Instances Have Exacerbated Our Economic Problems.

- Since 1950, the intersection of Routes 9, 27, and 30 in Framingham has experienced a rapid rate of commercial development. Owing to the disorganized pattern of this development, the state now faces massive highway and signalization investments just to restore the traffic capacity that had existed in that area 25 years ago. EOTC estimates this cost at $60 million, but has determined that through the previous use of a more far-sighted curb cut permitting and investment strategy, this same level of commercial activity could have been patterned so as to require less than $20 million in state investments to retain the highway capacity of that area. This inefficient and ineffective use of the Commonwealth's powers and investments inhibits economic development in two respects. First, allowing inefficient development patterns along state highways

reduces the state's highway capacity and in many urban areas chokes off traffic circulation so as to discourage economic activity. These inefficient development patterns further require future investments to restore highway capacity. These are investments which could be used more profitably for creating new private investment opportunities through new highway capacity, rather than for attempting to unravel past errors of short-sightedness.

- Previous analysis has indicated the propensity of the DWPC to disperse sewage treatment investments to smaller communities. In some instances, this treatment capacity addresses existing critical pollution abatement needs. In other circumstances, however, treatment facilities are designed to accommodate development anticipated 20 to 50 years into the future. The effect of these futuristic investments is twofold. First, they absorb resources which remain underutilized for extended periods of time and which might otherwise have been used to create additional treatment capacity in areas which have an existing and urgent need for new development, or for servicing existing development. Moreover, in smaller communities, major investments in underutilized treatment facilities and collection systems can result in enormous property tax and user fees which can have the counterproductive effect of discouraging new development.

- Earlier analysis suggested that the pattern of subsidized housing allocation in Massachusetts has contributed to unequal levels of opportunity among the Commonwealth's communities and households. Specifically, it was noted that a substantially higher proportion of family housing resources has been committed to urban areas than to suburban communities. As the rate of suburbanization of blue collar jobs has exceeded that of blue collar workers, many workers have been increasingly isolated from suitable employment. The effect of this asymetrical development between jobs and low-and moderate-income housing is increasing levels of structural unemployment and greater dependency on unemployment compensation and public assistance.

- A final illustration of the manner in which several of the key state investment programs analyzed in this report have not effectively served the objective of increasing the level of economic activity is that of the use of the IDFA's. Since 1967, when the General Court enacted enabling legislation for these local authorities, only $100 million in revenue bonding has been issued for loans to manufacturing firms. This figure pales in comparison with the $5 billion in loans which similar instrumentalities have issued in Pennsylvania. While it appears that the difference in these levels of activity can be largely accounted for by an aggressive state technical assistance program in Pennslyvania, whatever the cause, it is clear that these authorities in Massachusetts have not achieved their potential. Moreover, an examination of the firms which have received assistance from IDFA's indicated that in many instances (RCA being the most dramatic), the beneficiaries of IDFA assistance could have secured private, unsubsidized financing. Nor is it clear that IDFA financing has led to an increase in new business for the state, since every

firm receiving IDFA loans had previously been located in Massachusetts. Our conclusion is that the limited and conservative use of IDFA's has resulted in a negligible contribution to Massachusetts' economic development.

* * * * * *

The investment patterns which have been reviewed in this section result from a confluence of federal, state, and local priorities. Whatever the driving force behind these decisions, however, it is clear that state investment programs, while serving some areas of the Commonwealth well, are not resolving, and indeed may be perpetuating some of the severe development problems currently facing Massachusetts.

There are a number of reasons why state investment programs are not meeting the needs of the Commonwealth as well as they might. Some investment programs are bound by rigid federal spending categories under federal laws and regulations. Their investment patterns are the result of the momentum of federal policy over a number of years. Often, federal laws, regulations, and policies were not designed with the special conditions of Massachusetts in mind.

Although federal programs have contributed to the evolution of Massachusetts' growth and development problems and have often implicated our state agencies in this process, within the federal system the Commonwealth has a considerable degree of discretion in the administration of the powers and resources within its jurisdiction. Yet, the state's development powers and resources have not been well orchestrated to avoid the fundamental growth problems which have been analyzed in this report. The underlying causes of this insensitivity to the detrimental impact of many state actions are complex; however, it appears that among them are the following:

- lack of attention to the land use implications of the programs. Administrators of several of the programs examined--school building construction, wastewater treatment plant construction, and state highway curb cuts--frankly stated that they do not consider the land use implications of their programs. They claim to make investment decisions on the much narrower ground of the manner in which the program investment carries out particular functional objectives.

- lack of comprehensive approach to the development issues in the Commonwealth. This administrative deficiency is related to the first, but is somewhat broader in its scope, and is typified by a DPW statement concerning the way in which that agency has collected its data on highway needs: "Highway needs were developed with no budgetary constraints whatsoever; it is a list of needs expected to be required by 1990 to provide necessary highway services, and was developed entirely by the Department of Public Works, with minimum input from other state, regional, and local agencies." Traditionally, investment decisions have been made on the most narrow criteria, so that wastewater treatment

plants were constructed only on the basis of water quality considerations and highway improvements were made primarily on the basis of safety considerations. The influence of state investments on the overall development patterns of a region usually has not been considered. The result has been a helter-skelter mix of development in various areas of the state which is neither aesthetically nor economically desirable. While many agencies at the local, regional, and state level have called for comprehensive development policies to guide and coordinate all state investment programs, heretofore these policies have not existed in state government.

- lack of follow-up analysis on the impact of program investment. None of the state investment programs has included a fully-developed process to analyze the impact of investments before and after funds are actually committed. Such an analysis should include a review of land use changes, settlement densities, and environmental problems for a period of at least five years before and five years after a major project commitment. By attaching follow-up analysis to the normal budget expenditures of major state investment programs the unwanted side-effects of the state investment programs that have been discussed in this analysis of state development problems could have been identified at an earlier stage and investment decisions could have been appropriately modified.

- limited participation in actual investment decisions. Although many of the investment programs considered have well-defined participatory mechanisms required either in enabling legislation or in program regulations, in actual practice the major investment decisions have been made by one or two individuals who were connected with the particular program for a number of years and use a somewhat limited and often undefined and arbitrary set of criteria in making decisions. Investment decisions in most of the major investment programs have been characterized by an informal decision process between the state agency and the project recipient.

- desire to expend maximum amount of federal funds, regardless of state development needs. In the words of the Massachusetts' DPW 1969 Statewide Highway Transportation Plan: "... any transportation improvement represents a rewarding investment of public money." The approach of the State of Vermont in regard to the use of transportation funds is a marked contrast: "The State of Vermont will press for the maximum decategorization of federal transportation funding, to permit state and local option and greater flexibility in use of these funds. Until these changes in federal policy occur, the state will seek federal funding selectively rather than attempting to match all available funds, and will aim to secure those funds which can be used to serve the state's priorities." Past investment practices of the programs evaluated exhibited a tendency, until 1972, to take investment programs as a given and to expend the maximum amount of federal funds possible under federal guidelines. Many times federal guidelines for expenditures were far more appropriate for less developed states in the Midwest and Far West than for Massachusetts.

If Massachusetts is to coordinate its powers and resources so as to avoid further exacerbating the development problems which are the subject of this report, then state government must have a more inclusive and focused view of the programs and administrative practices which have contributed to these development problems. This report, while cognizant of a broader range of state activities affecting growth and development, has examined only seven development programs and the more obvious deficiencies in the administration of these programs. Through future official and public debate, it will be essential to expand this analysis beyond those issues addressed in this section for purpose of illustration.

SECTION V

RECOMMENDATIONS AND NEXT STEPS

RECOMMENDATIONS

The previous chapter clearly indicates that Massachusetts' state government itself has contributed substantially to the emergence of development patterns that violate the objectives set forth in Section III. A series of specific recommendations to improve the state's performance in support of those developmental objectives is advanced below. Since this is a "working" document, these recommendations are intended to be suggestive rather than binding. Nor are they an attempt to advance radical new ideas for state involvement in the growth and development process. Rather, these recommendations indicate ways in which the state can better promote sound growth and development in Massachusetts within the present scope of its authorized activities.

1. School Building Construction and the Reimbursement of School Transportation Costs.

The state's school building construction program, administered by the School Building Assistance Bureau, could be especially effective in meeting the development objective of adaptive reuse of existing structures and the objective of stabilizing the physical condition of existing residential neighborhoods by improving existing educational facilities. Specifically, in administering its program, the SBAB could take the following steps:

- Revise funding priorities to give less emphasis to the size and physical characteristics of proposed sites and greater weight to existing amenities which serve existing or potential new sites; for example, proximity to public transportation, libraries, government buildings, commercial centers, and dense settlements of student population. Arbitrary "national" standards of specified minimum acreage for different grade levels and numbers of students should not be used in evaluating sites.

- Give bonus points to municipalities that propose particularly creative uses for existing structures--e.g., combinations of commercial, office, and educational space, or combinations of public and private structure use, such as vocational programs employing both classroom space and underutilized local machine shop or automotive repair facilities.

- Give bonus points to municipalities that propose cooperative uses of new or refurbished educational facilities to stabilize or upgrade the physical conditions of existing residential neighborhoods; for example, the provision of community recreation programs or community school programs or of continuing education programs for enrichment of job retraining for adult residents in general or for senior citizens in particular.

In regard to the reimbursement of educationally-related transportation expenses, the Bureau of Educational Services of the Massachusetts Department of Education might reimburse transportation expenses, when public transportation is used, at the regular fare level. When privately-owned buses are used for the transport of pupils, reimbursement should decrease with the distance traveled to reach the school site. In other words, an increase in vehicle miles should result in a proportionate decrease per mile in reimbursements to a municipality beyond a specified base figure, which might relate to the size of the municipality, the location of existing school facilities, median income, etc.

2. Construction of Wastewater Treatment Facilities.

The Division of Water Pollution Control presently has the flexibility to reshape the wastewater treatment facility construction grant program. In cooperation with EPA and the Commonwealth's regional planning agencies, DWPC can continue to abate serious sources of water pollution but yet achieve a number of development objectives outlined in Chapter IV, including the stabilization of existing urban centers and the location of new manufacturing, retail, and commercial activities near existing centers with necessary public facilities and support services.

The construction of wastewater treatment facilities is the largest federally-supported public works program now in process in the United States. In Massachusetts alone, almost $400 million is available for expenditure over the next two years, including normal appropriations and recently unimpounded funds. The impact of these expenditures will, of course, be significant. The opportunity to achieve the best program results for the Commonwealth should not be foregone. In order to carry out the new development objectives already described, several new considerations must be introduced into the construction grant program.

- The practice of heavy funding for wastewater treatment facilities in small municipalities should be carefully examined and curtailed where possible. The construction of wastewater treatment facilities in numerous small municipalities and the associated tax burdens serve as incentives for new development in outlying areas which may eventually jeopardize existing capital expenditures in larger, already urbanized areas and cause deteriorating living conditions for residents of those urbanized areas.

  The MWM Study found that a plant serving several municipalities is not always the most cost-effective nor environmentally sensitive solution to the water pollution problems of individual municipalities. In some cases, constructing and operating facilities to bring effluent to a regional treatment plant is more expensive than the construction and operation of local treatment plants. Also, some streams are not able to assimilate the great quantity of effluent produced at one point by a regional treatment plant even though the same stream could assimilate the same quantity of effluent dispersed from several local plants. In the absence of strong arguments to the contrary, however, regional treatment of wastes should be preferred.

  Nevertheless, the size, extent of service and fiscal impact of facilities on small towns should receive maximum scrutiny. A full range of alternatives to municipal treatment facilities should be explored for small towns, including package treatment systems and non-structural, land use regulatory responses. This last solution should be closely investigated in the light of the MWM Study finding that non-point sources of pollution, such as run-off from development or construction and seepage from sanitary land-fills are as significant sources of water pollution as are old sewage outfalls into surface waters. The flexibility of federal funding for alternative approaches to small town problems should be explored.

- Flexibility should be exercised in the funding of wastewater treatment facilities in older urban areas. Renovation of larger segments of the sewerage system, including parts of the collection system, should be made available in older urban centers. The construction grant program should be seen not only as providing the means to abate existing water quality problems but also as a means of providing wastewater treatment capacity for new, modern commercial and industrial development in densely settled-urban centers.

- The construction of wastewater treatment systems which could trigger development leading to the deterioration or further decline of existing urban areas should be avoided. For example, the construction of an extensive length of wastewater interceptor through an open area will substantially enhance the value of the surrounding land and make it

very attractive for development, sometimes at the expense of existing urban areas. A more likely example, the construction of smaller wastewater treatment plants in smaller communities near an urban center, might because of the quicker construction of the smaller and simpler projects and because of the inclusion of substantial excess capacity in these smaller systems, result in the attraction of new commercial and industrial development away from the urban center. With so much federal money available to the Commonwealth to carry forth the water-quality improvement program in such a short period of time, it is vital that great care be taken not to distribute these funds in a way which might improve water quality but diminish the prospects of urban revitalization.

- The construction of treatment works which will result in the significant depletion of groundwater in municipalities relying primarily on subsurface local sources of supply should be discouraged. Depletion of groundwater sources in smaller municipalities through collection, treatment, and surface disposal of wastewater and the subsequent necessity to rely upon a system of regional or inter-river basin transfer of water to compensate for the artificially created local lack of water should be discouraged. Municipal self-reliance in the area of water supply should generally be encouraged wherever it presently exists, and projects from the wastewater construction grant program should not be used to undermine such local self-reliance or to induce increased local tax burdens by forcing communities to find alternative sources of water.

- The system by which municipalities are placed on a priority list for wastewater treatment system construction grants and the actual process by which wastewater treatment construction grants are awarded should be standardized and opened to broader participation by state, regional, and local planning and development agencies and the general public. Requirements for grant application and award should be clearly specified and uniformly applied within the major categories of municipality in the Commonwealth--urban, suburban, and rural. Procedures by which applicant municipalities are prioritized should be specified in detail by DWPC and the input of local and regional agencies in establishing such priorities should be regularly sought and seriously considered. Whenever possible, construction grants should be awarded according to the recommendations of the Commonwealth's areawide wastewater treatment planning program, presently being conducted according to the requirements of section 208 of the 1972 amendments to the Federal Water Pollution Control Act.

3. Acquisition and Development of Recreational Space

One of the most important means by which the physical conditions of residential neighborhoods can be stabilized and urban areas revitalized, is through the provision of sufficient space for both active and passive recreation.

- In establishing funding priorities for both the federal BOR and state Self-Help programs, overriding preference should be given to older urban areas. This new priority should be established in the clear recognition that recreation funds ought to be spent in areas with the greatest concentration of need population rather than areas with attractive but relatively inaccessible resources. Investment in recreation space and facilities ought to be viewed not simply as the provision of aesthetic amenities to urban areas, but as a direct and significant investment in the economic well-being of urban municipalities. Recreational investments ought to be used to improve the economic viability of those municipalities with the greatest need for economic revitalization and for recreation and open space resources--the older densely-settled urban areas of the Commonwealth. Recreational investment has served to increase the value of development in suburban settings for a number of years. That service should now be directed overwhelmingly (85 to 95 percent) toward Massachusetts' older urban centers.

- Special preference should be given to the acquisition of open space in cities, in addition to the construction of swimming pools, playgrounds, etc. To date, most federal BOR support has been for active recreational facilities in cities. The provision of less intensely utilized open space in urban areas, even in relatively small parcels, is of equal importance to urban residents as the provision of active recreation facilities. Open space is sometimes expensive to purchase in urban areas. Nevertheless, when two projects for open space acquisition are competing--one suburban, one urban-- the urban project should be given priority. Even if the urban project may result in the purchase of fewer acres at greater expense than the suburban project, the need for preserving open space in urban areas is commensurately far greater than in suburban settings.

- Priority points for projects adjacent to public transportation should be significantly increased. As earlier noted, only three out of a total of 130 points can presently be awarded for this characteristic. Given the need for recreation space by urban residents, this factor is considerably more important than its current status in the priority system.

- An affirmative action plan should be required of all rural and outer suburban municipalities receiving federal BOR or state Self-Help funds. The plan should indicate the means by which such municipalities would facilitate the use of the recreation areas by residents of more densely-settled areas of the Commonwealth. Provision of buses for large groups and adequate publicity in various urban agencies and newspapers should be among the items discussed.

- Since urban areas are often not able to apply for recreational funds because of a lack of administrative and legal expertise and capital for local share costs, staff members of state agencies should work directly with older urban areas to assist them in applying for project grants and in applying to

various sources, such as foundations, private individuals, and local businesses to secure the necessary capital for local share cost.

- The state's Self-Help funds should be allocated to protect, preserve, and enhance the Commonwealth's unique natural resources, with urban areas receiving priority over suburban and rural districts.

4. Transportation Investments

One of the most important tools through which the new development objectives can be attained is transportation investments. Revitalizing the physical condition of existing neighborhoods; providing adequate housing opportunities for all income, age, and racial groups; and the location of new residential units with access to employment and service opportunities all require well-planned transportation investments. Investments must not only be well-planned: certain new priorities and procedural improvements must also be introduced by DPW, EOTC, and MBTA in order to attain the development objectives identified.

- First of all, the role that Congress has established for itself in directing state highway expenditures must be modified. Presently, the Commonwealth receives funding from the Federal Highway Administration (FHWA) in many different categories. With the exception of state authority to transfer previously committed Interstate money into the rapid transit program it is not possible to transfer transportation-related funding among categories. The Executive Office of Transportation and Construction has already mounted an effort in the U. S. Congress to give greater discretion to the states over highway-related spending by reducing the number of categories in which FHWA funds are given to the states, broadening the scope of each of those categories, and providing procedures, in addition to those available for Interstate funds, to transfer funds from one spending category to another.

- The usual time from initial study of proposed transportation projects to completion of construction is between five and eight years, and often times much longer. Thus, even if it is determined that there is an immediate and overwhelming need for a transportation improvement, a minimum of five years is likely to elapse before that improvement is available. Such a delay between identified need and response is unconscionably long. A system must be developed to foreshorten dramatically time requirements for priority projects. Secretariats concerned with the Commonwealth's physical resources--EOTC, EOCD, EOECA, and EOEA, as well as the Office of State Planning--should identify priority transportation projects, especially those meeting needs in older urban centers. Once identified, those projects should be expedited both at the state and local levels. On such priority projects, no more than a year should be spent on the preliminary study, location analysis, and environmental impact study. In addition, no time should be lost between phases, as is often

presently the case. Both costs and the time necessary to advertise the award contracts for such studies would thereby be reduced.

- In a related matter, the number of projects actually placed under a study should be reduced significantly. The sheer number of projects that are nominated for study by individuals at the state, regional, and local levels serves as an impediment to the timely completion of meritorious projects. The procedure by which projects are actively accepted for study should be made much more stringent. Comprehensive studies of the transportation needs of specific areas--such as the Boston Transportation Planning Review and the Lowell Transportation Study--should be encouraged, and the decisions to pursue individual projects in greater detail made on the basis of those studies. The practice should be improved whereby regional planning agencies or other regional entities (such as the currently structured Metropolitan Planning Organizations) work with constituent municipalities to prioritize transportation improvements for an entire area.

- Transportation improvements which foster economic development in urban centers should be funded even if they are not top priority projects from a strict transportation perspective. Such a strategy was recently found acceptable by the Federal Highway Administration, and it should be pursued with great vigor.

  The practice of using publicly-funded transportation improvements to encourage economic development in urban centers at the present time is not discriminatory against the non-urban centers in the state. It simply represents an equitable rebalancing of public expenditures facilitating economic development, which, in the recent past, have gone heavily toward non-urban centers. The stated DPW policy since 1969 has been to serve future development. This strategy was thoroughly implemented. When new suburban commercial or industrial development demonstrably increased traffic volume or needed special access to integrate it into existing traffic networks, the requisite improvements were often provided at public expense. Especially at this time when urban centers are suffering serious economic decay, it is time to swing the pendulum of transportation expenditures in support of economic development back toward those urban centers. To be certain, the tactics and timing are somewhat different.

- Strip development near major commercial and industrial development in municipalities should be discouraged by the DPW through a number of means. Whenever possible, roads presenting such opportunities should be declared "limited access", thus preventing access and egress except through service roads. Since this designation of existing roads can often result in substantial expenses for compensation, alternative strategies should be employed whenever possible. DPW should construe safety requirements for issuance of a curb cut as broadly as legally possible

for strip developments near major shopping centers or industrial parks. DPW should further encourage municipalities not to zone strip districts along connecting roads. DPW should indicate that projects in municipalities that zone in such a way as to discourage strip or sprawl development will receive a much higher priority than projects in municipalities that do not.

- In non-urban settings, DPW should work with developers and tenants of shopping centers to determine the ultimate capacity and ultimate traffic generation of contemplated developments. When traffic improvements are needed either to serve immediate or long-term traffic generation, the developer should be assessed the cost of such improvements in non-urban centers. Again, in a time of limited transportation resources, this is not a positive action against suburban developments but simply a more equitable balancing of earlier expenditure patterns.

5. Housing Investments

Clearly, state housing investments can be used to carry out a number of newly identified development objectives, including revitalization of the physical condition of existing neighborhoods; promotion of a wider choice among residential environments; and the rehabilitation and adaptive reuse of existing residential buildings. To carry out these objectives the following locational policies should be pursued in the implementation of the state's housing investment programs by both the Department of Community Affairs (DCA) and the Massachusetts Housing Finance Agency (MHFA).

- DCA and MHFA should continue to review spending allocations for past housing construction programs, and attempt to correct the imbalance of existing need vs. past effort in the supply of elderly and family housing.

  During the life of subsidized housing programs, public agencies have, for the most part, either followed an implicit policy or blindly brought about the result whereby subsidized elderly construction took place primarily in suburban communities while subsidized family construction occurred in the Commonwealth's cities. Such a locational policy is inconsistent with sound comprehensive planning. First, elderly households are found in greater concentrations in cities than in suburbs and, as most all housing studies including DCA's show, the need for elderly housing is greater in the cities where necessary services for elders are readily available (public transportation, neighborhood stores, hospitals, cultural events, social activities, etc.). Second, the vast majority of subsidized housing for families is found in the cities, thus re-inforcing the existing concentrations of low and moderate income families in cities, and denying the opportunity for these families to reside in communities which may provide more and better services and resources to a growing family (schools, parks, open space, etc.). Moreover, since many blue-

collar jobs have migrated to the suburbs in recent decades, the heads of low and moderate income households should be able to take adequate advantage of these job opportunities by residing closer to new industrial sites, rather than being forced into long, expensive commutations to and from work. Third, the construction of elderly housing in the suburbs is apt to contribute to out-migration from cities, while the construction of subsidized family housing in cities does little if anything to stabilize and revitalize urban neighborhoods. The construction of elderly housing in cities, however, would free-up under-utilized urban housing resources which could be better put to use by over-crowded families or families looking for less expensive housing than that available in the suburbs, while the construction of family housing in the suburbs would expend the housing choices of low and moderate income families.

In order to address these locational problems, the following policies should be adhered to vigorously and consistently:

a. New construction, rehabilitation, and adaptive re-use for the elderly should be emphasized in the needy and previously neglected cities.

b. Past imbalances in the allocation of family and elderly subsidies should be rectified within a reasonable and fixed period of time (e.g., 3 years) or within the allocation of a fixed number of units (e.g., 60,000).

c. New construction for families should be emphasized in suburban communities with sound tax bases, little past effort, and accessibility to jobs.

d. The rehabilitation of family housing could occur either in cities to foster stability, cohesiveness, and community pride in existing neighborhoods, or in suburban communities, with the priority going to cities. The adaptive re-use of old commercial and industrial buildings for family housing should be encouraged in both the city and the suburbs.

Housing needs for both families and elders are great in both cities and suburbs. Subsidy resources are severely limited. In the past, public agencies have allocated public housing subsidies such that suburbs received a disproportionate share of elderly new construction funds and cities were made to carry the burden of housing low and moderate income families almost exclusively. To correct this imbalance, while also contributing to a more sensible land use and development pattern, it will be necessary to follow the proposed locational policies very closely. A piecemeal, project-by-product review system will not suffice, since it will always be possible to generate many projects for family housing in cities and elderly housing

in suburbs that are intrinsically sound and responsive to local need. But in the larger context of relative need, equitable resource allocation, and optimum development objectives, such projects cannot be viewed favorably.

The newly formed Joint Agency Housing Task Force should consider these locational prescriptions in depth.

- DCA's Housing Needs Study indicated that a substantial proportion of the Commonwealth's subsidized housing need can be satisfied through the use of existing housing--either presently standard units or rehabilitated units. DCA, through its 667 (elderly), 705 (family), and 707 (rental assistance) programs and the HUD Section 8 funds under its jurisdiction should promote the utilization of existing housing stock through the rehabilitation of units or the expansion of the housing stock through the adaptive re-use of old commercial and industrial buildings. In so doing, DCA would avoid encouraging the underutilization of existing units and, in many of the cases of less than total rehabilitation, save substantially over the cost of providing new units. Both DCA and MHFA should make a substantial effort to fund rehabilitation as opposed to new construction to make maximum use of existing structures, to save on total costs, and to revitalize existing urban neighborhoods.

- To allow both for partial and substantial rehabilitation of existing residential units, DCA should promote the revision of the recently promulgated State Building Code so that exorbitant expense is no longer involved in upgrading an existing unit. According to the present provisions of the code, in regard to seismic restrictions, the rehabilitation of many existing structures can only be accomplished by demolishing the buildings and reassembling them one brick at a time. Several other provisions of the code in regard to support techniques and materials also should be modified in order to promote rehabilitation.

- DCA should encourage an increase in the bonded indebtedness of the Massachusetts Home Mortgage Finance Agency so that additional funds become available for moderate income home owners to renovate their structures. MHFA should begin operation of this program immediately and provide administrative subsidy from its existing operations of the MHMFA. To date, although $10 million has been authorized in bonding for the MHMFA, the program has not begun operation because MHFA has been unwilling to administer the program until separate funds are appropriated for that purpose.

6. Capital Improvements Program

In reviewing the many capital improvement proposals generated by various state agencies, two policies ought to be subscribed to: first, rehabilitation of an existing facility should always be favored over construction of a new facility

and, second, the adaptive re-use of an existing building of historic or architectural significance should be sought whenever the expansion of or addition to state facilities may be required.

7. Further Examination of Additional Key State Programs as to Their Effect on the Growth and Development of the Commonwealth

The seven programs analyzed in Section IV constitute only a small portion of the State activity which has potentially far-ranging developmental consequences. As the growth policies outlined in Section III receive widespread deliberation, additional programs could be examined relative to their supportiveness of those policies. Possible programs for such further examination might include:

- mass transportation,
- solid waste disposal,
- water supply,
- higher education facilities,
- utilization of surplus public property,
- state aid for urban renewal,
- the allocation of community development block grants and other federal funds,
- airport improvements,
- railroad management,
- state highway aid to localities,
- curb-cut permits,
- Chapter 121A and 121B approvals,
- the "TOPICS" program (traffic safety improvements),
- Chapter 774 (the anti-snob zoning law),
- the utilization of SBA and EDA funds,
- state banking laws (and red-lining by banks),
- the Massachusetts Industrial Development Authority,

- the Massachusetts tax incentives program,
- the State sanitary code,
- the State building code,
- regulation of mineral extraction,
- regulation of off-shore oil extraction (and associated on-shore development),
- the Massachusetts Environmental Policy Act, and
- air quality regulations.

One of the functions of the deliberations of public officials should be to identify those programs which would be subject to such an examination.

NEXT STEPS

The explicit purpose of Section IV was to focus attention on the ways in which several public investment programs as administered by the Commonwealth over the last few years have contributed to costly development patterns. The recommendations advanced above describe specific changes that can be made administratively to diminish the tendency of these programs to induce dispersal and, instead, to reorient them in ways which will foster and maintain the vitality and viability of existing employment and population centers.

Though it is the opinion of the Office of State Planning that the administrative redirection of existing programs for highways, wastewater treatment facilities, parks, etc. will constitute significant and substantial progress toward realizing the development objectives proposed in Section III, it is also clear that these objectives could be advanced by pursuing a variety of additional tasks. Thus, in the coming weeks, OSP will continue to develop position papers and policy proposals and to adhere to an extensive participatory process that will promote the implementation of the proposed objectives.

Additional Planning Products Toward a Growth Policy

Legal/Institutional Analyses: A thorough assessment of the existing array of legal and institutional tools promoting more compatible and less costly growth patterns will be completed. Gaps and deficiencies will be identified and proposals for improving the administration and coordination of those existing mechanisms and for instituting new mechanisms, if necessary, will be prepared.

Regionalism: An effective institutional framework is needed at a mid-level between state government and the 351 municipalities of the Commonwealth. No clear and consistent policy is apparent at the state level in relating to various regional entities, and no uniform and universally satisfactory institutional framework yet exists at the regional level--as evidenced by the numerous proposals that have surfaced over recent years to establish new or reformed regional entities. Since a statewide system of regional agencies would prove to be an invaluable instrument through which to promote development objectives consistent with those in Section III as well as to provide a forum for local governments and state agencies to address common problems in a more immediate, cooperative manner, OSP intends to work closely with local officials, regional planning commissions, and state agencies to determine the prospects for establishing consensus around a particular alternative for regional reform.

The Property Tax: The property tax is a regressive tax--it extracts a higher percentage of annual income from households with lower incomes than higher incomes. In this, the property tax is not unique, since both the income tax and the sales tax are regressive as well.

However, the property tax has many other undesirable effects which make it an underlying issue in discussions by planners on urban revitalization, and a major impediment along the path toward the proposed development objectives.

Some of the negative effects of the property tax are:

- High property taxes discourage the maintenance, modernization, and production of new housing and undermine the renewal of urban neighborhoods.

- Higher property taxes in cities cause industrial and commercial developers to favor locations in suburban communities.

- Increases in property taxes are passed on to renters, thus aggravating the single most severe and widespread housing problem--the exorbitant expense of housing.

- Excessive dependence on and continual increases in the property tax tend to force communities into zoning for fiscal purposes--that is, to generate revenue--whereby suburban communities zone large tracts for commercial and industrial use as well as large lots for residential use and prohibit high density residential development that might be suitable for low and moderate income families.

Working together with the Executive Office of Communities and Development, OSP is evaluating various alternatives for diminishing the negative consequences of excessive reliance on the property tax.

A Simplified, Comprehensive Project Review and Permit Granting System: One simple way to encourage compliance with overall growth and development policies is to establish a review process which is comprehensive in nature, rather than bound exclusively to the service of one growth objective (Economic Development) or another (Environmental Enhancement). Moreover, such a review process would tend to reduce the conflicts between environmentalists and developers by creating a fair forum for compromist, conciliation and, hopefully, consensus. Such a review process could provide the foundation for a consolidated permit granting procedure. The creation of a simple and straightforward one-stop permit granting service to the developers of consistent and acceptable projects would constitute a substantial incentive to invest in Massachusetts and to comply with established development objectives.

OSP is cooperating with the Executive Office of Environmental Affairs in assessing alternative approaches to comprehensive reviews and consolidated permits.

Comprehensive Economic Development Strategy: In collaboration with the Executive Office of Economic Affairs, a comprehensive economic development startegy is under preparation which will address the ways in which:

- The locational advantages of certain areas within the Commonwealth can be enhanced in order to attract particular kinds of economic activity, and

- The overall level of economic development can be increased over several years. This strategy will refine the development objectives of Section III and will develop specific and substantial recommendations for their implementation.

Downtown Revitalization: The redevelopment authorities of most cities across the Commonwealth, and indeed the nation, have been guilty in their early years of subscribing to naive strategies for urban revitalization. These include the demolition of whole blocks of old, but distinctive and still useful, buildings and the construction of limited access "connector" highways that divided neighborhoods and facilitated access out of the city often more successfully than providing better access into downtown centers.

These early mistakes are understandable in the context of the rapid rise of large shopping malls. The unforeseen consequences of the state's highway construction program and of the many public incentives for the outward migration of our urban population made it possible for the traditional downtown centers to retain their locational advantages for major retail activity. The error of the redevelopment authorities was in viewing their downtowns as little more than retail centers. Thus, they attempted to reproduce the building blocks of large suburban shopping malls within the hearts of their cities--major highway access, large amounts of vacant land, parking facilities, etc.--oftentimes impairing the ability of their downtowns to function in any way whatsoever.

Recently, however, several cities have developed more sophisticated approaches to revitalization which are sensitive to the historical evolution and varied functions of the "downtown" and which recognize the scarcities of public and private resources to undertake massive and mistaken renewal projects typical of the 50's and 60's.

Downtowns are no longer seen exclusively as retail centers, but as dynamic mixtures of a wide variety of activities, with places for living, entertainment, eating, working, learning, recreation, culture, as well as shopping--all combined in a small area.

As such, downtown areas in older urban centers need not compete with large shopping malls in accord with the old rules which required that downtowns dress themselves up to be like the modern shopping malls. Instead,

proponents of downtown revitalization can emphasize the comparative advantages that their downtowns already have--the historical significance and the architectural resources which are unique or at least not available in a shopping mall. Lowell and Lawrence have rivers, canals and mill buildings; New Bedford and Gloucester have historic waterfronts, and Salem and Newburyport have unusually attractive 18th and 19th century buildings. These resources should serve as the foundation for the downtown revitalization strategies of the 70's, since they afford substantial opportunities for generating the mixed used for which downtowns are well suited.

Many forces are reinforcing this shift in strategy. Certainly the nation's bicentennial celebration is having its effect on the valur we place on old buildings and historical places. More important is the ever increasing costs of new construction, which make the rehabilitation of existing buildings an attractive alternative. Perhaps more important is the realization by many architects, planners, bankers, and businessmen that the creation of a unique environment out of an old building and within major downtown sections is extremely marketable, and thus profitable. As the costs of traveling to somewhere else for "atmosphere" steadily rise, developers are realizing that a little "atmosphere" can be provided closer to home.

Today, progress is being made in most of our communities toward adaptively reusing existing buildings, enhancing the essential character of city and town centers, and developing an appreciation for the traditional role of downtown areas as places that convey the full identity and express the self-image of a community.

But much more needs to be done. Government at both the local and state levels must be more supportive. The full spectrum of the state's activities should be oriented to the attainment of this objective. More immediately, the state can assist by 1) providing technical assistance to the cities and towns so that the successes in some communities can be replicated in others, 2) administering the many programs for water and sewer facilities, parks, schools, and highways in such a way as to reinforce existing centers, rather than accelerating suburban sprawl as they often have done, and 3) developing a comprehensive program for urban revitalization to serve as a guide to all levels of government as well as private developers. Such an overall program for urban revitalization is viewed as a sensible response to the problems of high unemployment, excessive energy costs, and exorbitant state and local taxes. By bringing economic activity back into areas where most of the work force lives, lessening the need to travel miles between home and work and stores, and reducing the long-term costs of accommodating new development with new public facilities by channeling growth into areas already developed and putting some brakes on sprawl, the development of a growth strategy for out cities addresses many of the most pressing problems facing the Commonwealth today.

OSP intends to work with the Executive Office of Communities and Development and the Massachusetts Conference of Planning Directors in the delineation of specific ways in which to achieve the enhancement of downtown areas.

Population and Economic Projections: In order to add substance to and assess the full implications of a growth policy, it is important to generate an accurate sense of the extent to which the levels and locations of population and economic growth can be influenced by shifts and adjustments in public policy. OSP is nearing completion of population projections, which will be refined in cooperation with the regional planning agencies, and is collaborating with the Executive Office of Economic Affairs and a U. Mass. economist in the development of economic projections.

Mapping and Graphics: Although detailed maps of natural and man-made resources are only necessary in making site-specific land use decisions, it is nevertheless helpful to have a series of large-scale, statewide maps delineating the basic elements required in making sound policy decisions (transit service districts, areas with sewers, areas with public water supply, publicly owned lands, natural capacity of land to accommodate development, critical environmental areas, etc.). Moreover, the availability of graphics and slide shows depicting the critical issues and trade-offs related to growth and development are essential for public meetings and presentations. In addition to the limited resources of OSP, foundation grants are being sought in order to carry out this task satisfactorily.

Participatory Processes Toward a Growth Policy

Planning is a futile and frustrating exercise unless the proposals and recommendations that planners produce are given life, substance, and eventually support through an extensive and vigorous participatory process. Consequently, this preliminary draft report (and all other planning work to be completed in the coming weeks) will be distributed, immediately upon initial review and approval of the Governor and his Cabinet, to all of the following groups for discussion, deliberation, criticism, and revision:

- The Legislature's Commission on the Effects of Growth on the Quality of Life in Massachusetts
- OSP's 50-member Citizens Advisory Board
- The Regional Planning Commissions
- The Conference of Massachusetts Planning Directors
- The Governor's Local Affairs Advisory Committee

- The Conference of Massachusetts Planning Directors
- The Governor's Task Force on the Location of Shopping Centers, Office, and Industrial Parks
- The 351 Local Growth Policy Committees established by the legislation of the Wetmore Commission, "An Act Providing for the Formation of a Massachusetts Growth and Development Policy".

and through the conference to be sponsored by:

- The Massachusetts League of Women Voters
- Massachusetts Tomorrow
- Boston Society of Civil Engineers
- Boston Society of Landscape Architects
- Conference of Massachusetts Planning Directors
- Massachusetts Section of the American Institute of Planners
- Massachusetts State Association of Architects

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Mass. Office of State Planning.
Towards a growth policy for Massachusetts.

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